

ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS, Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – PICACHO COVE
UTILITIES COMPANY, INC., AN ARIZONA
CORPORATION, FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
FOR UTILITY SERVICE DESIGNED TO
REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS
PROPERTY AND FOR CERTAIN RELATED
APPROVALS.

DOCKET NO. SW-20494A-20-0221

RATE APPLICATION

PART 3 OF 4

**NOTICE OF FILING RATE
CASE SCHEDULES IN
SUPPORT OF RATE
APPLICATION**

Global Water – Picacho Cove Utilities Company, Inc., in connection with its
contemporaneously filed Rate Application, provides notice of filing the attached Rate
Case Schedules in support of its Rate Application.

RESPECTFULLY SUBMITTED this 28th day of August, 2020.

DocuSigned by:

Timothy J. Sabo

Timothy J. Sabo

Regulatory Counsel

Certificate of Service

Original of the foregoing
eFiled this 28th day of August, 2020 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Copies emailed this same date to:

Elijah Abinah
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007
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Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007
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/s/ Joyce Goodwin

Global Water - Picacho Cove Utilities Company

Schedule A-1

Test Year Ended December 31, 2019

Computation of Increase in Gross Revenue Requirement

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			134,252	134,252
2					
3	Adjusted Operating Income (Loss)			(25)	(25)
4					
5	Current Rate of Return (Line 3 /Line 1)			-0.02%	-0.02%
6					
7	Required Operating Income (Line 9 * Line 1)			-	-
8					
9	Required Rate of Return			0.00%	0.00%
10					
11	Operating Income Deficiency (Line 7 - Line 3)			25	25
12					
13	Gross Revenue Conversion Factor			1.0515	1.0515
14					
15	Increase in Gross Revenue Requirements			-	-
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential			\$ -	0.0%
22	Commercial			-	0.0%
23	Irrigation			-	0.0%
24	Hydrant			-	0.0%
25	Lake			-	0.0%
26	Non-Potable (Raw Water)			-	0.0%
27					
28	Total of Water Revenues	\$ -	\$ -	\$ -	0.0%
29					
30	Miscellaneous Revenues	\$ -	\$ -	\$ -	0.0%
31					
32	Total Operating Revenues	\$ -	\$ -	\$ -	0.0%
33					
34	Total Adjusted Revenues (Schedule C-1)	\$ -	\$ -	\$ -	0.0%
35					
36					
37	<u>Supporting Schedules:</u>				
38	B-1				
39	C-1				
40	C-3				
41	H-1				

Global Water - Picacho Cove Utilities Company

Schedule A-2

Test Year Ended December 31, 2019

Summary of Results of Operations

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2017	12/31/2018	Actual 12/31/2019	Adjusted 12/31/2019	Present Rates 12/31/2021	Proposed Rates 12/31/2021
1	Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2							
3	Revenue Deductions and						
4	Operating Expenses	68,287	121	25	25	25	25
5							
6	Operating Income	(68,287)	(121)	(25)	(25)	(25)	(25)
7							
8	Other Income and Deductions	-	-	-	-	-	-
9							
10	Interest Expense	-	-	-	-	-	-
11							
12	Net Income	(68,287)	(121)	(25)	(25)	(25)	(25)
13							
14	Common Shares	-	-	-	-	-	-
15							
16	Earned Per Average						
17	Common Share	NA	NA	NA	NA	NA	NA
18							
19	Dividends Per						
20	Common Share	NA	NA	NA	NA	NA	NA
21							
22	Payout Ratio	NA	NA	NA	NA	NA	NA
23							
24	Return on Average						
25	Invested Capital	NA	NA	NA	NA	NA	NA
26							
27	Return on Year End						
28	Capital	NA	NA	NA	NA	NA	NA
29							
30	Return on Average						
31	Common Equity	NA	NA	NA	NA	NA	NA
32							
33	Return on Year End						
34	Common Equity	NA	NA	NA	NA	NA	NA
35							
36	Times Bond Interest Earned						
37	Before Income Taxes	NA	NA	NA	NA	NA	NA
38							
39	Times Total Interest and						
40	Preferred Dividends Earned						
41	After Income Taxes	NA	NA	NA	NA	NA	NA
42							
43							
44	<u>Supporting Schedules:</u>						
45	E-2						
46	C-1						
47	F-1						

Global Water - Picacho Cove Utilities Company

Schedule A-3

Test Year Ended December 31, 2019

Summary of Capital Structure

Line No.	Description	Prior Years Ended		Test Year	Projected Year
		12/31/2017	12/31/2018	12/31/2019	12/31/2021
1	Short-Term Debt	\$ -	\$ -	\$ -	\$ -
2					
3	Long-Term Debt	-	-	-	-
4					
5	Total Debt	-	-	-	-
6					
7	Preferred Stock	-	-	-	-
8					
9	Common Equity	385,660	390,442	415,138	415,138
10					
11	Total Capital	385,660	390,442	415,138	415,138
12					
13	Capitalization Ratios:				
14					
15	Short-Term Debt	-	-	-	-
16					
17	Long-Term Debt	-	-	-	-
18					
19	Total Debt	-	-	-	-
20					
21	Preferred Stock	-	-	-	-
22					
23	Common Equity	100%	100%	100%	100%
24					
25	Total Capital	100%	100%	100%	100%
26					
27	Weighted Cost of				
28	Short-Term Debt	-	-	-	-
29					
30	Weighted Cost of				
31	Long-Term Debt	-	-	-	-
32					
33	Weighted Cost of				
34	Senior Debt	-	-	-	-
35					
36					
37	<u>Supporting Schedules:</u>				
38	E-1				
39	D-1				
40					
41					
42					
43					
44					

Global Water - Picacho Cove Utilities Company

Schedule A-4

Test Year Ended December 31, 2019

Construction Expenditures and Gross Utility Plant Placed in Service

Line No.			Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1	Prior Year Ended	12/31/2017	\$ -	\$ -	\$ -
2					
3	Prior Year Ended	12/31/2018	-	-	-
4					
5	Test Year Ended	12/31/2019	-	-	-
6					
7	Projected Year Ended	12/31/2020	-	-	-
8					
9					
10					
11					
12					
13	<u>Supporting Schedules:</u>				
14	F-3				
15	E-5				
16					
17					
18					
19					
20					

Global Water - Picacho Cove Utilities Company

Schedule A-5

Test Year Ended December 31, 2019

Comparative Statement of Changes in Financial Position

Line No.		Prior Years Ended		Test Year	Projected Year	
		12/31/2017	12/31/2018	12/31/2019	Present Rates	Proposed Rates
					12/31/2020	12/31/2020
1						
2	Operating Activities					
3	Net income (loss)	\$ (68,287)	\$ (121)	\$ (25)	\$ (25)	\$ (25)
4	<i>Adjustment to reconcile net income (loss)</i>					
5	Deferred compensation	-	-	-	-	-
6	Depreciation	-	-	-	-	-
7	Amortization	-	-	-	-	-
8	Amortization of deferred debt issuance costs and discounts	-	-	-	-	-
9	Write-off of debt issuance costs	-	-	-	-	-
10	Gain on sale of 303 contracts	-	-	-	-	-
11	(Gain) Loss on Equity Investment	-	-	-	-	-
12	Other gains and losses	-	-	-	-	-
13	(Gain) Loss on disposal of fixed assets	-	-	-	-	-
14	Loss on Sale of Willow Valley	-	-	-	-	-
15	Provision for doubtful accounts receivable	-	-	-	-	-
16	Deferred income tax (benefit) expense	-	-	-	-	-
17	Accounts receivables	-	-	-	-	-
18	Other Receivables	67,287	121	(7)	(7)	(7)
19	Accrued revenue	-	-	-	-	-
20	Infrastructure coordination and financing fee receivable	-	-	-	-	-
21	Income taxes receivable	-	-	-	-	-
22	Other current assets	1,000	4,903	24,720	24,720	24,720
23	Accounts payable and other current liabilities	-	1,375	2,525	2,525	2,525
24	Other noncurrent assets	-	-	-	-	-
25	Other noncurrent liabilities	-	-	-	-	-
26	Deferred revenue and prepaid ICFA fees	-	-	-	-	-
27	Net cash (used) provided by operating activities	-	6,278	27,213	27,213	27,213
28						
29	Investing Activities					
30	Capital expenditures	-	(6,278)	(27,214)	(27,214)	(27,214)
31	Proceeds from the sale of Willow Valley	-	-	-	-	-
32	Proceeds from sale of fixed and intangible assets	-	-	-	-	-
33	(Deposits) withdrawals of restricted cash	-	-	-	-	-
34	Deposits	-	-	-	-	-
35	Advance in aid of construction release	-	-	-	-	-
36	Net cash used in investing activities	-	(6,278)	(27,214)	(27,214)	(27,214)
37						
38	Financing Activities					
39	Proceeds from bond	-	-	-	-	-
40	Deposits in bond service fund	-	-	-	-	-
41	Proceeds withdrawn from bond service fund	-	-	-	-	-
42	Repayments of bond debt	-	-	-	-	-
43	(Deposit into)/ redemption from escrow for debt service	-	-	-	-	-
44	Loan borrowings	-	-	-	-	-
45	Loan repayments	-	-	-	-	-
46	Principal payments under capital lease	-	-	-	-	-
47	Payment of Sonoran acquisition liability	-	-	-	-	-
48	Acquisition of utilities, deferred acquisition payments	-	-	-	-	-
49	Financing costs paid	-	-	-	-	-
50	Debt issuance costs paid	-	-	-	-	-
51	Advances in aid of construction	-	-	-	-	-
52	Dividends Paid	-	-	-	-	-
53	Proceeds from sale of stock	-	-	-	-	-
54	Contributions in aid of construction under ICFA agreements	-	-	-	-	-
55	Payments of offering costs for sale of stock	-	-	-	-	-
56	Refunds of advances for construction	-	-	-	-	-
57	Net cash (used) provided by financing activities	-	-	-	-	-
58	Net change in cash	0	-	-	(1)	(1)
59						
60	Supporting Schedules					
61	E-3					
62	F-2					

Global Water - Picacho Cove Utilities Company

Schedule B-1

Test Year Ended December 31, 2019

Summary of Fair Value Rate Base

Line No.		Original Cost Rate Base As Filed
1	Plant in Service	-
2	Less: Accumulated Depreciation	-
3		
4	Net Plant in Service	-
5		
6	<u>LESS:</u>	
7	Net CIAC	-
8	Advances in Aid of Construction (AIAC)	-
9	Customer Deposits	-
10	Deferred Income Tax Credits	-
11		
12	<u>ADD:</u>	
13	Unamortized Finance Charges	
14	Deferred Tax Assets	134,252
15	Working Capital	
16	Utility Plant Acquisition Adjustment	
17		
18	Original Cost Rate Base	134,252
19		
20		
21	<u>Supporting Schedules:</u>	
22	B-2	
23	B-3	
24	E-1	
25	B-5	

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Detail Plant in Service

Schedule B-2

Page 1 of 2

Line No.		A Actual Test Year End	B PTYP Adjustment 1 B.2.1	C Adjustment 2 B.2.2	D Adjustment 3 B.2.3	E Adjustment 4 B.2.4	F Adjustment 5 B.2.5	G Adjustment 6 B.2.6	H Adjusted Test Year As Filed
1	Utility Plant in Service								
2	351 Organization								
3	352 Franchises								
4	353 Land and Land Right								
5	354 Structures and Improvements								
6	355 Power Generation Equipment								
7	360 Collections Wastewater - Force								
8	361 Collections Wastewater - Gravity								
9	362 Special Collecting Structures								
10	363 Services to Customers								
11	364 Flow Measuring Devices								
12	365 Flow Measuring Installations								
13	366 Reuse Services								
14	367 Reuse Meters & Meter Installations								
15	370 Receiving Wells								
16	371 Pumping Equipment								
17	374 Reuse Distribution Reservoirs								
18	375 Reuse Trans. And Distr. Equipment								
19	380 Treatment and Disposal Equipment								
20	381 Plant Sewers								
21	382 Outfall Sewer Lines								
22	389 Other Plant and Misc. Equipment								
23	390 Office Furniture and Equipment								
24	390.1 Computer & Software								
25	391 Transportation Equipment								
26	392 Stores Equipment								
27	393 Tools, Shop and Garage Equipment								
28	394 Laboratory Equipment								
29	395 Power Operated Equipment								
30	396 Communication Equipment								
31	397 Miscellaneous Equipment								
32	398 Other Tangible Plant								
33									
34									
35									
36	Total Utility Plant in Service								
37									
38	107 Construction Work in Progress	284,786							284,786
39									
40	Total Plant	284,786							284,786
41									
42	Total Accum. Depreciation								
43									
44	Total Net Plant	284,786							284,786

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule B-3

Schedule B-3 RCND Rate Base Pro forma

LINE NO.

- | | |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base. |
| 3 | |
| 4 | |
| 5 | |
| 6 | |

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule B-4

Schedule B-4 RCND By Major Plant Account

LINE NO.

- | | |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base. |
| 3 | |
| 4 | |
| 5 | |
| 6 | |

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule B-5 Computation of Working Capital

Schedule B-5

Page 1 of 2

LINE NO.

		Revenue Lag	Expense Lag	Net Lag	Lead / Lag	Working Cash
	Test Year Results	Days	Days	Days	Factor	Requirement
1	Operating Expenses					
2						
3	Purchased Power	\$ 1,644,009	\$ 39	\$ 24	\$ 16	\$ 71,683
4	Payroll	5,849,624	39	9	31	492,369
5	Chemicals	265,021	39	17	22	16,221
6	Property & Liability Insurance	280,025	39	2	37	28,546
7	Worker's Compensation Insurance	90,650	39	(69)	108	26,932
8	Medical, Vision, Dental, LTD & Life Insurance	642,050	39	3	36	63,543
9	Other O&M (Excluding Rate Case Expense)	1,053,862	39	38	1	3,028
10	Federal Income Taxes	86,375	39	38	2	463
11	State Income Taxes	141,000	39	38	2	757
12	FICA Taxes	371,590	39	9	31	31,277
13	FUTA & SUTA Taxes	4,979	39	9	31	419
14	Property Taxes	2,165,582	39	180	(140)	(831,277)
15	Registration, Svc. Contracts, & Misc. Fees	1,683,381	39	34	5	24,643
16	Retirement Annuities (401k)	163,492	39	66	(26)	(11,665)
17						
18	Total	\$ 14,441,639				\$ (83,060)
19						
20						
21	Supporting Schedules				Recap Schedules	
22	(a) E-1				B-1	
23						
24						
25						
26						
27						

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule B-5 Computation of Working Capital

Schedule B-5

Page 2 of 2

LINE NO.

	Total Working Cash Requirement		2019 Year End Counts	Percent Allocation	Allocation of Working Capital
1					
2	\$ (83,059.87)	Palo Verde	21,109	46.1%	\$ (38,307)
3		Santa Cruz	21,357	46.7%	(38,757)
4		North Scottsdale	92	0.2%	(167)
5		Tonopah	413	0.9%	(749)
6		Eagletail	57	0.1%	(103)
7		Turner Ranches	963	2.1%	(1,748)
8		Red Rock Sewer	883	1.9%	(1,602)
9		Red Rock Water	896	2.0%	(1,626)
10			45,770		
11					
12		Palo Verde RRS Consolidated			(39,909)
13		Santa Cruz RRW Consolidated			(40,383)
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					

Global Water - Picacho Cove Utilities Company

Schedule C-1

Test Year Ended December 31, 2019

Adjusted Test Year Income Statement

Line No.		(A) Actual Test Year	(B) Pro Forma Adjustments - As Filed	(C) Adjusted Test Year - As Filed	(D) Proposed Rate Increase	(E) Adjusted With Rate Increase
1	Operating Revenue					
2	521 Flat Rate Revenues	-	-	-	-	-
3	522 Measured Revenues	-	-	-	-	-
4	534 Rents from Wastewater Property	-	-	-	-	-
5	536 Other Wastewater Revenues	-	-	-	-	-
6		-	-	-	-	-
7		-	-	-	-	-
8	Total Revenues	-	-	-	-	-
9						
10	Operating Expenses					
11	701 Salaries and Wages	-	-	-	-	-
12	704 Employee Pensions and Benefits	-	-	-	-	-
13	710 Purchased Wastewater Treatment	-	-	-	-	-
14	711 Sludge Removal Expense	-	-	-	-	-
15	715 Purchased Power	-	-	-	-	-
16	716 Fuel for Power Production	-	-	-	-	-
17	718 Chemicals	-	-	-	-	-
18	720 Materials and Supplies	-	-	-	-	-
19	720.1 Repairs and Maintenance	-	-	-	-	-
20	720.2 Office Supplies and Expense	-	-	-	-	-
21	721 Office Expense	16	-	16	-	16
22	731 Contractual Services - Engineering	-	-	-	-	-
23	732 Contractual Services - Accounting	-	-	-	-	-
24	733 Contractual Services - Legal	17	-	17	-	17
25	734 Contractual Services - Management Fees	-	-	-	-	-
26	735 Contractual Services - Testing	-	-	-	-	-
27	736 Contractual Services - Other	-	-	-	-	-
28	740 Rents - Building	-	-	-	-	-
29	742 Rents - Equipment	-	-	-	-	-
30	750 Transportation Expenses	-	-	-	-	-
31	756 Insurance - Vehicle	-	-	-	-	-
32	757 Insurance - General Liability	-	-	-	-	-
33	758 Insurance - Worker's Compensation	-	-	-	-	-
34	759 Insurance - Other	-	-	-	-	-
35	760 Advertising Expense	-	-	-	-	-
36	766 Regulatory Commission Expense - Rate Case	-	-	-	-	-
37	767 Regulatory Commission Expense - Other	-	-	-	-	-
38	770 Bad Debt Expense	-	-	-	-	-
39	775 Miscellaneous Expense	-	-	-	-	-
40	403 Depreciation Expense	-	-	-	-	-
41	408 Taxes Other Than Income	-	-	-	-	-
42	408.11 Property Taxes	-	-	-	-	-
43	408.12 Payroll Taxes	-	-	-	-	-
44	408.13 Other Taxes and Licenses	-	-	-	-	-
45	409 Income Taxes	(8)	-	(8)	-	(8)
46	Total Operating Expenses	25	-	25	-	25
47						
48	Operating Income / (Loss)	(25)	-	(25)	-	(25)
49						
50	Other Income / (Expense)					
51	414 Gain/Loss on Dispositions	-	-	-	-	-
52	419 Interest and Dividend Income	-	-	-	-	-
53	421 Non-Utility Income	-	-	-	-	-
54	426 Miscellaneous Non-Utility (Expense)	-	-	-	-	-
55	427 Interest (Expense)	-	-	-	-	-
56	Total Other Income / (Expense)	-	-	-	-	-
57						
58	Net Income / (Loss)	(25)	-	(25)	-	(25)

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2011
Adjusted Test Year Income Statement

Schedule C-2

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
	Actual	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjusted	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjusted
	Test Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Test Year	16	17	18	19	20	With
		Bad Debt	Property Tax	Income Tax	BLANK	Depreciation	Payroll	Bonus Exclusion	FATHOM	Half Yr Com							As Filed	Bad Debt	Property Tax	Income Tax	Revenue Increase	Income Tax	Rate Increase
		C.2.1	C.2.2	C.2.3	C.2.4	C.2.5	C.2.6	C.2.7	C.2.8	C.2.9	C.2.10	C.2.11	C.2.12	C.2.13	C.2.14	C.2.15		C.2.1	C.2.2	C.2.3	A-1		
1	Operating Revenue																						
2	521 Flat Rate Revenue	-															-						-
3	522 Measured Revenue	-															-						-
4	534 Rents from Wastewater Property	-															-						-
5	536 Other Wastewater Revenue	-															-						-
6		-															-						-
7		-															-						-
8	Total Revenues	-															-						-
9																							
10	Operating Expenses																						
11	701 Salaries and Wages	-															-						-
12	704 Employee Pensions and Benefit	-															-						-
13	710 Purchased Wastewater Treatment	-															-						-
14	711 Sludge Removal Expense	-															-						-
15	715 Purchased Power	-															-						-
16	716 Fuel for Power Production	-															-						-
17	718 Chemicals	-															-						-
18	720 Materials and Supplies	-															-						-
19	720.1 Repairs and Maintenance	-															-						-
20	720.2 Office Supplies and Expense	-															-						-
21	721 Office Expense	16															16						16
22	731 Contractual Services -Engineering	-															-						-
23	732 Contractual Services - Accounting	-															-						-
24	733 Contractual Services - Legal	17															17						17
25	734 Contractual Services - Management Fee	-															-						-
26	735 Contractual Services - Testing	-															-						-
27	736 Contractual Services - Other	-															-						-
28	740 Rents - Building	-															-						-
29	742 Rents - Equipment	-															-						-
30	750 Transportation Expense	-															-						-
31	756 Insurance - Vehicle	-															-						-
32	757 Insurance - General Liability	-															-						-
33	758 Insurance - Worker's Compensation	-															-						-
34	759 Insurance - Other	-															-						-
35	760 Advertising Expense	-															-						-
36	766 Regulatory Commission Expense - Rate Case	-															-						-
37	767 Regulatory Commission Expense - Other	-															-						-
38	770 Bad Debt Expense	-															-						-
39	775 Miscellaneous Expense	-															-						-
40	403 Depreciation Expense (From Schedule AR4	-															-						-
41	408 Taxes Other Than Income	-															-						-
42	408.11 Property Taxes	-															-						-
43	408.12 Payroll Taxes	-															-						-
44	408.13 Other Taxes and Licenses	-															-						-
45	409 Income Taxes	(8)															(8)						(8)
46	Total Operating Expenses	25															25						25
47																							
48	Operating Income / (Loss)	(25)															(25)						(25)
49																							
50	Other Income / (Expense)																						
51	414 Gain/Loss on Disposition	-															-						-
52	419 Interest and Dividend Income	-															-						-
53	421 Non-Utility Income	-															-						-
54	426 Miscellaneous Non-Utility (Expense)	-															-						-
55	427 Interest (Expense)	-															-						-
56	Total Other Income / (Expense)	-															-						-
57																							
58	Net Income / (Loss)	(25)															(25)						(25)

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Adjusted Test Year Income Statement

Schedule C-3
Page 1 of 2

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	4.9000%
2	Uncollectible Revenue Effective Rate	0.0000%
3	Property Taxes Effective Rate	0.0000%
4	Total Tax Percentage	4.9000%
5		
6	Operating Income % = 100% - Tax Percentage	95.1000%
7		
8		
9		
10		
11	<u>1</u> = Gross Revenue Conversion Factor	
12	Operating Income %	1.051525
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
24	C-3, page 2	A-1
25		
26		
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Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Adjusted Test Year Income Statement

Schedule C-3

Page 2 of 2

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	4.9000%					
5	Subtotal (L3 - L4)	95.1000%					
6	Revenue Conversion Factor (L1 / L5)	1.051525					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	4.9000%					
9	One Minus Combined Income Tax Rate (L7 - L8)	95.1000%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.9000%					
14	Federal Taxable Income (L12 - L13)	95.1000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	0.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		4.9000%				
<u>Calculation of Effective Property Tax Factor</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	4.9000%					
20	One Minus Combined Income Tax Rate (L18-L19)	95.1000%					
21	Property Tax Factor	0.0000%					
22	Effective Property Tax Factor (L20*L21)		0.0000%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			4.9000%			
24	Required Operating Income	\$					
25	Adjusted Test Year Operating Income (Loss)	\$	(25)				
26	Required Increase in Operating Income (L24 - L25)		\$	25			
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$	(1,611)				
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$	(1,611)				
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$	-			
30	Recommended Revenue Requirement	\$					
31	Uncollectible Rate (Line 10)		0.0000%				
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$					
33	Adjusted Test Year Uncollectible Expense	\$					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$	-			
35	Property Tax with Recommended Revenue	\$					
36	Property Tax on Test Year Revenue	\$					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$	-			
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$	25			

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
39	Total	Test Year	Water	Total	Company Recommended	Water
40	Revenue	\$	-	\$	-	\$
41	Operating Expenses Excluding Income Taxes		33		33	
42	Synchronized Interest (L47)	6,444	6,444	6,444	6,444	6,444
43	Arizona Taxable Income (L39 - L40 - L41)	\$	(6,477)	\$	(6,477)	\$
44	Arizona State Effective Income Tax Rate		4.9000%		4.9000%	
45	Arizona Income Tax (L42 x L43)	\$	(317)	\$	(317)	\$
46	Federal Taxable Income (L42- L44)	\$	(6,160)	\$	(6,160)	\$
47	Federal Tax Rate		21.0000%		21.00%	
48	Federal Income Taxes	\$	(1,294)	\$	(1,293)	\$
49						
50						
51						
52						
53	Total Federal Income Tax	\$	(1,294)	\$	(1,293)	\$
54	Combined Federal and State Income Tax (L35 + L42)	\$	(1,611)	\$	(1,611)	\$
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]				21.0000%	
56						
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					0.0000%

Calculation of Interest Synchronization:

58	Rate Base	Water
59	Weighted Average Cost of Debt	\$ 134,252
60	Synchronized Interest (L59 X L60)	4.80%
		\$ 6,444

Global Water - Picacho Cove Utilities Company

Schedule D-1

Test Year Ended December 31, 2019

Summary Cost of Capital

Line No.	Description	End of Test Year - Actual			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Return
1					
2	Short-Term Debt	\$ -	0.00%	0.00%	0.00%
3					
4	Long-Term Debt	-	0.00%	0.00%	0.00%
5					
6	Common Equity	415,138	100.00%	-0.01%	-0.01%
7					
8	Totals	<u>\$ 415,138</u>	<u>100.00%</u>		<u>-0.01%</u>

Line No.	Description	End of Test Year - Proposed				End of Projected Year - Proposed Rates			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Cost	Dollar Amount	Percent of Total	Rate of Return	Weighted Cost
11									
12									
13									
14									
15	Short-Term Debt	\$ -	0.00%	0.00%	0.00%	\$ -	0.00%	0.00%	0.00%
16									
17	Long-Term Debt	-	0.00%	0.00%	0.00%	-	0.00%	0.00%	0.00%
18									
19	Common Equity	415,138	100.00%	0.00%	0.00%	415,138	100.00%	0.00%	0.00%
20									
21	Totals	<u>\$ 415,138</u>	<u>100.00%</u>		<u>0.00%</u>	<u>\$ 415,138</u>	<u>100.00%</u>		<u>0.00%</u>

Global Water - Picacho Cove Utilities Company

Schedule D-2

Test Year Ended December 31, 2019

Cost of Debt

Line
No.

End of Test Year - Actual		
	Amount	Interest
	Outstanding	Rate
4 Long-Term Debt	-	NA
6 Short-Term Debt	-	NA

End of Test Year - Proposed		End of Projected Year - Proposed Rates	
	Amount	Amount	Interest
	Outstanding (*)	Outstanding	Rate
14 Long-Term Debt	-	-	NA
16 Short-Term Debt	-	-	NA

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Global Water - Picacho Cove Utilities Company

Schedule D-3

Test Year Ended December 31, 2019

Cost of Preferred Stock

Line

No.

1 Schedule D-3 is not applicable as there is no preferred stock issued or
2 outstanding in any of the utilities involved in this rate case.

3

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Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2015
Comparative Balance Sheets

Schedule E-1

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	<u>Assets</u>			
2				
3	Account No. Current and Accrued Assets			
4	131 Cash	-	-	-
5	132 Special Deposits	-	-	-
6	133 Other Special Deposits	-	-	-
7	134 Working Funds	-	-	-
8	135 Temporary Cash Investments	-	-	-
9	141 Customer Accounts Receivable	-	-	-
10	142 Other Accounts Receivable	-	-	-
11	143 Accumulated Provision for Uncollectable Accounts	-	-	-
12	146 Notes Receivable from Associated Companies	-	-	-
13	151 Plant Material and Supplies	-	-	-
14	162 Prepayments	-	-	-
15	173 Accrued Utility Revenue	-	-	-
16	174 Miscellaneous Current and Accrued Assets	-	-	-
17	Total Current Assets	-	-	-
18				
19	Fixed Assets			
20	101 Utility Plant in Service*	-	-	-
21	105 Construction Work in Progress	284,786	257,572	251,294
22	108 Accumulated Depreciation	-	-	-
23	121 Non-Utility Property	-	-	-
24	122 Accumulated Depreciation - Non Utility	-	-	-
25	Total Fixed Assets	284,786	257,572	251,294
26				
27	Other Fixed Assets			
28	114 Utility Plant Acquisition Adjustment	-	-	-
29	Total Other Fixed Assets	-	-	-
30				
31	Deferred Debits			
32	190 Accumulated Deferred Income Taxes	134,252	134,245	134,366
33	Total Deferred Debits	134,252	134,245	134,366
34				
35	Total Assets	419,038	391,817	385,660
36				
37	Liabilities and Stockholders' Equity			
38				
39	231 Accounts Payable	3,900	1,375	-
40	232 Notes Payable (Current Portion)	-	-	-
41	234 Notes Payable to Associated Companies	-	-	-
42	235 Customer Deposits	-	-	-
43	236 Accrued Taxes	-	-	-
44	237 Accrued Interest	-	-	-
45	241 Miscellaneous Current and Accrued Liabilities	-	-	-
46	253 Other Deferred Credits	-	-	-
47	Total Current Liabilities	3,900	1,375	-
48				
49	252 Advances in Aid of Construction	-	-	-
50	253 Other Deferred Credits	-	-	-
51	255 Accumulated Deferred Investment Tax Credits	-	-	-
52	271 Contributions in Aid of Construction	-	-	-
53	272 Less: Amortization of Contributions	-	-	-
54	281 Accumulated Deferred Income Tax	-	-	-
55	Total Deferred Credits	-	-	-
56				
57	Total Liabilities and Deferred Credits	3,900	1,375	-
58				
59	201 Common Stock Issued	10	10	10
60	211 Other Paid-In Capital	516,620	491,900	486,997
61	215 Unappropriated Retained Earnings	(101,492)	(101,468)	(101,347)
62	218 Proprietary Capital (Sole Props and Partnerships)	-	-	-
63	Total Members' Equity	415,138	390,442	385,660
64				
65	Total Liabilities and Stockholders' Equity	419,038	391,817	385,660
66				
67				

Global Water - Picacho Cove Utilities Company

Schedule E-2

Test Year Ended December 31, 2019

Comparative Income Statements

Line No.			Test Year	Test Year	Test Year
			Ended	Ended	Ended
			12/31/2019	12/31/2018	12/31/2017
1	Operating Revenue				
2	521	Flat Rate Revenues	-	-	-
3	522	Measured Revenues	-	-	-
4	534	Rents from Wastewater Property	-	-	-
5	536	Other Wastewater Revenues	-	-	-
6					
7					
8	Total Revenues		-	-	-
9					
10	Operating Expenses				
11	701	Salaries and Wages	-	-	-
12	704	Employee Pensions and Benefits	-	-	-
13	710	Purchased Wastewater Treatment	-	-	-
14	711	Sludge Removal Expense	-	-	-
15	715	Purchased Power	-	-	-
16	716	Fuel for Power Production	-	-	-
17	718	Chemicals	-	-	-
18	720	Materials and Supplies	-	-	-
19	720.1	Repairs and Maintenance	-	-	-
20	720.2	Office Supplies and Expense	-	-	-
21	721	Office Expense	16	-	-
22	731	Contractual Services - Engineering	-	-	-
23	732	Contractual Services - Accounting	-	-	-
24	733	Contractual Services - Legal	17	-	-
25	734	Contractual Services - Management Fees	-	-	-
26	735	Contractual Services - Testing	-	-	-
27	736	Contractual Services - Other	-	-	-
28	740	Rents - Building	-	-	-
29		Intentionally Left Blank	-	-	-
30	742	Rents - Equipment	-	-	-
31	750	Transportation Expenses	-	-	-
32	756	Insurance - Vehicle	-	-	-
33	757	Insurance - General Liability	-	-	-
34	758	Insurance - Worker's Compensation	-	-	-
35	759	Insurance - Other	-	-	-
36	760	Advertising Expense	-	-	-
37	766	Regulatory Commission Expense - Rate Case	-	-	-
38	767	Regulatory Commission Expense - Other	-	-	-
39	770	Bad Debt Expense	-	-	-
40	775	Miscellaneous Expense	-	-	1,000
41	403	Depreciation Expense	-	-	-
42	408	Taxes Other Than Income	-	-	-
43	408.11	Property Taxes	-	-	-
44	408.12	Payroll Taxes	-	-	-
45	408.13	Other Taxes and Licenses	-	-	-
46	409	Income Taxes	(8)	121	67,287
47	Total Operating Expenses		25	121	68,287
48					
49	Operating Income / (Loss)		(25)	(121)	(68,287)
50					
51	Other Income / (Expense)				
52	414	Gain/Loss on Dispositions	-	-	-
53	419	Interest and Dividend Income	-	-	-
54	421	Non-Utility Income	-	-	-
55	426	Miscellaneous Non-Utility (Expense)	-	-	-
56	427	Interest (Expense)	-	-	-
57	Total Other Income / (Expense)		-	-	-
58					
59	Net Income / (Loss)		(25)	(121)	(68,287)

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Comparative Statement of Changes in Financial Position

Schedule E-3

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	Operating Activities			
2	Net income (loss)	\$ (25)	\$ (121)	\$ (68,287)
3	<i>Adjustment to reconcile net income (loss)</i>			
4	Deferred compensation	-	-	-
5	Depreciation	-	-	-
6	Amortization	-	-	-
7	Amortization of deferred debt issuance costs and disco	-	-	-
8	Write-off of debt issuance costs	-	-	-
9	Gain on sale of 303 contracts	-	-	-
10	(Gain) Loss on Equity Investment	-	-	-
11	Other gains and losses	-	-	-
12	(Gain) Loss on disposal of fixed assets	-	-	-
13	Loss on Sale of Willow Valley	-	-	-
14	Provision for doubtful accounts receivable	-	-	-
15	Deferred income tax (benefit) expense	-	-	-
16	Accounts receivables	-	-	-
17	Other Receivables	(7)	121	67,287
18	Accrued revenue	-	-	-
19	Infrastructure coordination and financing fee receivabl	-	-	-
20	Income taxes receivable	-	-	-
21	Other current assets	24,720	4,903	1,000
22	Accounts payable and other current liabilities	2,525	1,375	-
23	Other noncurrent assets	-	-	-
24	Other noncurrent liabilities	-	-	-
25	Deferred revenue and prepaid ICFA fees	-	-	-
26	Net cash (used) provided by operating activities	27,213	6,278	-
27				
28	Investing Activities			
29	Capital expenditures	(27,214)	(6,278)	-
30	Proceeds from the sale of Willow Valley	-	-	-
31	Proceeds from sale of fixed and intangible assets	-	-	-
32	(Deposits) withdrawals of restricted cash	-	-	-
33	Deposits	-	-	-
34	Advance in aid of construction release	-	-	-
35	Net cash used in investing activities	(27,214)	(6,278)	-
36				
37	Financing Activities			
38	Proceeds from bond	-	-	-
39	Deposits in bond service fund	-	-	-
40	Proceeds withdrawn from bond service fund	-	-	-
41	Repayments of bond debt	-	-	-
42	(Deposit into)/ redemption from escrow for debt servic	-	-	-
43	Loan borrowings	-	-	-
44	Loan repayments	-	-	-
45	Principal payments under capital lease	-	-	-
46	Payment of Sonoran acquisition liability	-	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-	-
48	Financing costs paid	-	-	-
49	Debt issuance costs paid	-	-	-
50	Advances in aid of construction	-	-	-
51	Dividends Paid	-	-	-
52	Proceeds from sale of stock	-	-	-
53	Contributions in aid of construction under ICFA agreem	-	-	-
54	Payments of offering costs for sale of stock	-	-	-
55	Refunds of advances for construction	-	-	-
56	Net cash (used) provided by financing activities	-	-	-
57	Net change in cash	(1)	-	-

Recap Schedule
A-5

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Statement of Changes in Stockholders' Equity

Schedule E-4

Line No.		Common Stock		Additional Paid-In-Capital	Retained Earnings	Total
		Shares	Amount			
1						
2	Balance - December 31, 2016	1,000	\$ 10	\$ 485,997	\$ (33,060)	
3						
4	Net Income				(68,287)	
5						
6	Dividends Paid				-	-
7						
8	Other/Reclass*			1,000	(145)	855
9						
10	Balance - December 31, 2017	1,000	\$ 10	\$ 486,997	\$ (101,492)	\$ 385,515
11						
12	Net Income				(121)	
13						
14	Dividends Paid				-	-
15						
16	Other/Reclass*			4,903	145	
17						
18	Balance - December 31, 2018	1,000	\$ 10	\$ 491,900	\$ (101,468)	\$ 390,442
19						
20	Net Income				(25)	
21						
22	Dividends Paid				-	-
23						
24	Other/Reclass*			24,720		24,720
25						
26	Balance - December 31, 2019	1,000	\$ 10	\$ 516,620	\$ (101,493)	\$ 415,137
27	check		10	516,620	(101,492)	415,138
28						
29	*Intercompany					
30						
31						
32						

Global Water - Picacho Cove Utilities Company

Schedule E-5

Test Year Ended December 31, 2019

Detail Plant in Service

Line No.		End of Prior Year 12/31/2018	Net Additions	End of Test Year 12/31/2019
1	Utility Plant in Service			
2	351 Organization	\$ -	\$ -	\$ -
3	352 Franchises	-	-	-
4	353 Land and Land Rights	-	-	-
5	354 Structures and Improvements	-	-	-
6	355 Power Generation Equipment	-	-	-
7	360 Collections Wastewater - Force	-	-	-
8	361 Collections Wastewater - Gravity	-	-	-
9	362 Special Collecting Structures	-	-	-
10	363 Services to Customers	-	-	-
11	364 Flow Measuring Devices	-	-	-
12	365 Flow Measuring Installations	-	-	-
13	366 Reuse Services	-	-	-
14	367 Reuse Meters & Meter Installations	-	-	-
15	370 Receiving Wells	-	-	-
16	371 Pumping Equipment	-	-	-
17	374 Reuse Distribution Reservoirs	-	-	-
18	375 Reuse Trans. And Distr. Equipment	-	-	-
19	380 Treatment and Disposal Equipment	-	-	-
20	381 Plant Sewers	-	-	-
21	382 Outfall Sewer Lines	-	-	-
22	389 Other Plant and Misc. Equipment	-	-	-
23	390 Office Furniture and Equipment	-	-	-
24	390.1 Computer & Software	-	-	-
25	391 Transportation Equipment	-	-	-
26	392 Stores Equipment	-	-	-
27	393 Tools, Shop and Garage Equipment	-	-	-
28	394 Laboratory Equipment	-	-	-
29	395 Power Operated Equipment	-	-	-
30	396 Communication Equipment	-	-	-
31	397 Miscellaneous Equipment	-	-	-
32	398 Other Tangible Plant	-	-	-
33				
34				
35				
36	Total Utility Plant in Service	\$ -	\$ -	\$ -
37				
38	107 Construction Work in Progress	\$ 257,572	27,214	\$ 284,786
39				
40	Total Plant	\$ 257,572		\$ 284,786
41				
42	Total Accum. Depreciation	\$ -		\$ -
43				
44	Total Net Plant	\$ 257,572	\$ -	\$ 284,786

Global Water - Picacho Cove Utilities Company

Schedule E-6

Test Year Ended December 31, 2019

Comparative Departmental Statements of Operating Income

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	Operating Revenues			
2	Residential	\$ -	\$ -	\$ -
3	Commercial	-	-	-
4				
5	Total Water Sales	\$ -	\$ -	\$ -
6				
7	Miscellaneous	-	-	-
8				
9	Total Operating Revenues	\$ -	\$ -	\$ -
10				
11	OPERATING EXPENSES:			
12				
13	Operating Expenses (less tax and depreciation)	\$ 33	\$ -	\$ 1,000
14				
15	Depreciation	\$ -	\$ -	\$ -
16				
17	TAXES			
18	Income Taxes	\$ (8)	\$ 121	\$ 67,287
19	Property taxes	-	-	-
20	Other Taxes and Licenses	-	-	-
21				
22				
23	TOTAL TAXES	\$ (8)	\$ 121	\$ 67,287
24				
25	Total Operating Expenses	\$ 25	\$ 121	\$ 68,287
26				
27	Operating Income/(Loss)	\$ (25)	\$ (121)	\$ (68,287)
28				
29				Recap Schedule
30				E-2
31				

Global Water - Picacho Cove Utilities Company

Schedule E-7

Test Year Ended December 31, 2019

Operating Statistics

Line No.	Wastewater Statistics	Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Total Gallons Treated (in thousands)	-	-	-
3				
4	Wastewater Revenues from Customers	-	-	-
5				
6	Year End Number of Customers	-	-	-
7				
8	Annual Gallons (in Thousands)			
9	Treated Per Year End Customer	0.00	0.00	0.00
10				
11	Annual Revenue Per Year End Customer	-	-	-
12				
13	Pumping Costs per Year End Customer	-	-	-
14				
15	Pumping Cos per 1,000 Gallons	-	-	-
16				
17				
18				
19				
20				
21				

Global Water - Picacho Cove Utilities Company

Schedule E-8

Test Year Ended December 31, 2019

Taxes Charged to Operations

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Federal Taxes			
3	Income	\$ (8)	\$ 121	\$ 67,287
4	FICA (Employer's) *	-	-	-
5	Unemployment *	-	-	-
6	Total Federal Taxes	(8)	121	67,287
7				
8				
9	State Taxes			
10	Income	\$ -	\$ -	\$ -
11	Property	-	-	-
12	Other	-	-	-
13	Unemployment *	-	-	-
14	Total State Taxes	-	-	-
15				
16				
17	Total Taxes to Operations	\$ (8)	\$ 121	\$ 67,287

* FICA and Unemployment are included with Salaries and Wages on C-1, E-2 and E-6.

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Notes to Financial Statements

Schedule E-9
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Line
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Following are the significant accounting policies for Global Water. Please note that some of these accounting policies may only be applicable to the parent company, GWRI.

Basis of Presentation and Principles of Consolidation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Company prepares its financial statements in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The Company qualifies as an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), under the rules and regulations of the SEC. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. The Company has elected to take advantage of these provisions for up to five years or such earlier time that the Company is no longer an emerging growth company. The Company has elected to take advantage of some of the reduced disclosure obligations regarding financial statements. Also, as an emerging growth company, the Company can elect to delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has chosen to take advantage of this extended accounting transition provision.

Significant Accounting Policies

Regulation

Our regulated utilities and certain other balances are subject to regulation by the ACC and are therefore subject to Accounting Standards Codification Topic 980, *Regulated Operations* ("ASC 980").

Property, plant, and equipment

Property, plant, and equipment is stated at cost less accumulated depreciation provided on a straight-line. Depreciation rates for asset classes of utility property, plant, and equipment are established by the ACC. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant, and equipment. When units of utility property are replaced, renewed, or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

For non-utility property, plant, and equipment, depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Cost and accumulated depreciation for non-utility property, plant, and equipment retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings.

In addition to third party costs, direct personnel costs and indirect construction overhead costs may be capitalized. Interest incurred during the construction period is also capitalized as a component of the cost of the constructed assets, which represents the cost of debt associated with construction activity. Expenditures for maintenance and repairs are charged to expense.

Revenue Recognition—Water Services

Water services revenues are recorded when service is rendered, or water is delivered to customers. However, in addition to the monthly basic service charge, the determination and billing of water sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each reporting period, amounts of water delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is recorded.

Water connection fees are the fees associated with the application process to set up a customer to receive utility service on an existing water meter. These fees are approved by the ACC through the regulatory process and are set based on the costs incurred to establish services including the application process, billing setup, initial meter reading, and

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

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1 service transfer. Because the amounts charged for water connection fees are set by our regulator and not
2 negotiated in conjunction with the pricing of ongoing water service, the connection fees represent the
3 culmination of a separate earnings process and are recognized when the service is provided.

4 Meter installation fees are the fees charged to developers or builders associated with installing new water
5 meters. Certain fees for meters are regulated by the ACC and are refundable to the end customer over a
6 period of time. Refundable meter installation fees are recorded as a liability upon receipt. These fees are
7 recognized as revenue when the service is rendered, or when a water meter is installed.

Revenue Recognition—Wastewater and Recycled Water Services

9 Wastewater service revenues are generally recognized when service is rendered. Wastewater services are
10 billed at a fixed monthly amount per connection, and recycled water services are billed monthly based on
11 volumetric fees.

Revenue Recognition—Unregulated Revenues

13 Unregulated Revenues represent those revenues that are not subject to the ratemaking process of the
14 ACC. Unregulated revenues are limited to rental revenue and imputed revenues resulting from certain
15 infrastructure coordination and financing agreement arrangements ("ICFAs").

Allowance for Doubtful Accounts

17 Provisions are made for doubtful accounts due to the inherent uncertainty around the collectability of
18 accounts receivable. The allowance for doubtful accounts is recorded as bad debt expense, and is classified as
19 general and administrative expense. The allowance for doubtful accounts is determined considering the age of
20 the receivable balance, type of customer (e.g., residential or commercial), payment history, as well as specific
21 identification of any known or expected collectability issues.

Cash and Cash Equivalents

23 Cash and cash equivalents include all highly liquid investments in debt instruments with an original maturity of
24 three months or less.

Restricted Cash

26 Restricted cash represents cash deposited relating to HUF tariffs, asset retirement obligations and pending
27 legal matters.

Income Taxes

29 The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and
30 liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable
31 to differences between the financial statement carrying amounts of existing assets and liabilities and their
32 respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to
33 apply to taxable income in the years in which those temporary differences are expected to be recovered or
34 settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is
35 more likely than not that some portion or all of the deferred tax assets will not be realized.

58

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Notes to Financial Statements

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We evaluate uncertain tax positions using a two-step approach. Recognition (step one) occurs when we conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when we subsequently determine that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited, and to the extent that uncertain tax positions exist, we provide expanded disclosures.

Goodwill

Goodwill represents the excess purchase price over the fair value of net tangible and identifiable intangible assets acquired through acquisitions. Goodwill is not amortized, it is instead tested for impairment annually, or more often, if circumstances indicate a possible impairment may exist. As required, we evaluate goodwill for impairment annually, and do so as of November 1 of each year, and at an interim date if indications of impairment exist. When testing goodwill for impairment, we may assess qualitative factors, including macroeconomic conditions, industry and market considerations, overall financial performance, and entity specific events to determine whether it is more likely than not that the fair value of an operating and reportable segment is less than its carrying amount. We utilize internally developed discounted future cash flow models, third-party appraisals, or broker valuations to determine the fair value of the reporting unit. Under the discounted cash flow approach, we utilize various assumptions requiring judgment, including projected future cash flows, discount rates, and capitalization rates. Our estimated future cash flows are based on historical data, internal estimates, and external sources. We then compare the estimated fair value to the carrying value. If the carrying value is in excess of the fair value, an impairment charge is recorded to asset impairments within our consolidated statement of operations in the amount by which the reporting unit's carrying value exceeds its fair value, limited to the carrying value of goodwill.

Intangible Assets

Intangible assets not subject to amortization consist of certain permits expected to be renewable indefinitely, water rights and certain service areas acquired in transactions which did not meet the definition of business combinations for accounting purposes, and are considered to have indefinite lives. Intangible assets with indefinite lives are not amortized but are tested for impairment annually, or more often if certain circumstances indicate a possible impairment may exist. Amortized intangible assets consist primarily of acquired ICFA contract rights.

Debt Issuance Costs

In connection with the issuance of some of our long-term debt, we have incurred legal and other costs that we believe are directly attributable to realizing the proceeds of the debt issued. These costs are netted against long-term debt and amortized as interest expense using the effective interest method over the term of the respective debt.

Impairment of Long-Lived Assets

Management evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If an indicator of possible impairment exists, an undiscounted cash flow analysis would be prepared to determine whether there is an actual impairment. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using appraisals or valuation techniques such as the present value of expected future cash flows.

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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Line
No.*Advances and Contributions in Aid of Construction*

The Company has various agreements with developers and builders, whereby funds, water line extensions, or wastewater line extensions are provided to us by the developers and are considered refundable advances for construction. These AIAC are non-interest-bearing and are subject to refund to the developers through annual payments that are computed as a percentage of the total annual gross revenue earned from customers connected to utility services constructed under the agreement over a specified period. Upon the expiration of the agreements' refunding period, the remaining balance of the advance becomes nonrefundable and at that time is considered CIAC. CIAC are amortized as a reduction of depreciation expense over the estimated remaining life of the related utility plant. For rate-making purposes, utility plant funded by AIAC or CIAC are generally excluded from rate base.

Fair Value of Financial Instruments

The carrying values of cash equivalents, trade receivables, and accounts payable approximate fair value due to the short-term maturities of these instruments. Portions of these non-interest-bearing instruments are payable annually through 2032 and amounts not paid by the contract expiration dates become nonrefundable. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. However, the fair value of these amounts would be less than their carrying value due to the non-interest-bearing feature.

Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. In consideration of ASC 280—*Segment Reporting* the Company notes it is not organized around specific products and services, geographic regions, or regulatory environments. The Company currently operates in one geographic region within the State of Arizona, wherein each operating utility operates within the same regulatory environment.

While the Company reports its revenue, disaggregated by service type, on the face of its Statements of Operations, the Company does not manage the business based on any performance measure at the individual revenue stream level. The Company does not have any customers that contribute more than 10% to the Company's revenues or revenue streams. Additionally, we note that the CODM uses consolidated financial information to evaluate the Company's performance, which is the same basis on which he communicates the Company's results and performance to the Board of Directors. It is upon this consolidated basis from which he bases all significant decisions regarding the allocation of the Company's resources on a consolidated level. Based on the information described above and in accordance with the applicable literature, management has concluded that the Company is currently organized and operated as one operating and reportable segment.

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Projected Income Statements - Present and Proposed

Schedule F-1

Line No.		Test Year Actual 12/31/2019	Present Rates Year Ended 12/31/2020	Adjustments	Proposed Rates Year Ended 12/31/2020
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -
2					
3	701 Salaries and Wages	-	-	-	-
4	704 Employee Pensions and Benefits	-	-	-	-
5	710 Purchased Wastewater Treatment	-	-	-	-
6	711 Sludge Removal Expense	-	-	-	-
7	715 Purchased Power	-	-	-	-
8	716 Fuel for Power Production	-	-	-	-
9	718 Chemicals	-	-	-	-
10	720 Materials and Supplies	-	-	-	-
11	720 Repairs and Maintenance	-	-	-	-
12	720 Office Supplies and Expense	-	-	-	-
13	721 Office Expense	16	16	-	16
14	731 Contractual Services - Engineering	-	-	-	-
15	732 Contractual Services - Accounting	-	-	-	-
16	733 Contractual Services - Legal	17	17	-	17
17	734 Contractual Services - Management Fees	-	-	-	-
18	735 Contractual Services - Testing	-	-	-	-
19	736 Contractual Services - Other	-	-	-	-
20	740 Rents - Building	-	-	-	-
21	Intentionally Left Blank				
22	742 Rents - Equipment	-	-	-	-
23	750 Transportation Expenses	-	-	-	-
24	756 Insurance - Vehicle	-	-	-	-
25	757 Insurance - General Liability	-	-	-	-
26	758 Insurance - Worker's Compensation	-	-	-	-
27	759 Insurance - Other	-	-	-	-
28	760 Advertising Expense	-	-	-	-
29	766 Regulatory Commission Expense - Rate Case	-	-	-	-
30	767 Regulatory Commission Expense - Other	-	-	-	-
31	770 Bad Debt Expense	-	-	-	-
32	775 Miscellaneous Expense	-	-	-	-
33	403 Depreciation Expense	-	-	-	-
34	408 Taxes Other Than Income	-	-	-	-
35	408 Property Taxes	-	-	-	-
36	408 Payroll Taxes	-	-	-	-
37	408 Other Taxes and Licenses	-	-	-	-
38	409 Income Taxes	(8)	(8)	-	(8)
39	Total Operating Expenses	25	25		25
40					
41	Operating Income / (Loss)	(25)	(25)		(25)
42					
43	OTHER INCOME / (EXPENSE)				
44	414 Gain/Loss on Dispositions	0	-	-	-
45	419 Interest and Dividend Income	-	-	-	-
46	421 Non-Utility Income	-	-	-	-
47	426 Miscellaneous Non-Utility (Expense)	-	-	-	-
48	427 Interest (Expense)	-	-	-	-
49	Total Other Income / (Expense)	-	-		-
50					
51	NET INCOME / (LOSS)	\$ (25)	\$ (25)		\$ (25)
52					

Global Water - Picacho Cove Utilities Company
Test Year Ended December 31, 2019
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Schedule F-2

Line No.		Test Year 12/31/2019	Projected Year	
			Present Rates 12/31/2020	Proposed Rates 12/31/2020
1	Operating Activities			
2	Net income (loss)	\$ (25)	\$ (25)	\$ (25)
3	Adjustment to reconcile net income (loss)			
4	Deferred compensation	-	-	-
5	Depreciation	-	-	-
6	Amortization	-	-	-
7	Amortization of deferred debt issuance costs and discounts	-	-	-
8	Write-off of debt issuance costs	-	-	-
9	Gain on sale of 303 contracts	-	-	-
10	(Gain) Loss on Equity Investment	-	-	-
11	Other gains and losses	-	-	-
12	(Gain) Loss on disposal of fixed assets	-	-	-
13	Loss on Sale of Willow Valley	-	-	-
14	Provision for doubtful accounts receivable	-	-	-
15	Deferred income tax (benefit) expense	-	-	-
16	Accounts receivables	-	-	-
17	Other Receivables	(7)	(7)	(7)
18	Accrued revenue	-	-	-
19	Infrastructure coordination and financing fee receivable	-	-	-
20	Income taxes receivable	-	-	-
21	Other current assets	24,720	24,720	24,720
22	Accounts payable and other current liabilities	2,525	2,525	2,525
23	Other noncurrent assets	-	-	-
24	Other noncurrent liabilities	-	-	-
25	Deferred revenue and prepaid ICFA fees	-	-	-
26	Net cash (used) provided by operating activities	27,213	27,213	27,213
27				
28	Investing Activities			
29	Capital expenditures	(27,214)	(27,214)	(27,214)
30	Proceeds from the sale of Willow Valley	-	-	-
31	Proceeds from sale of fixed and intangible assets	-	-	-
32	(Deposits) withdrawals of restricted cash	-	-	-
33	Deposits	-	-	-
34	Advance in aid of construction release	-	-	-
35	Net cash used in investing activities	(27,214)	(27,214)	(27,214)
36				
37	Financing Activities			
38	Proceeds from bond	-	-	-
39	Deposits in bond service fund	-	-	-
40	Proceeds withdrawn from bond service fund	-	-	-
41	Repayments of bond debt	-	-	-
42	(Deposit into)/ redemption from escrow for debt service	-	-	-
43	Loan borrowings	-	-	-
44	Loan repayments	-	-	-
45	Principal payments under capital lease	-	-	-
46	Payment of Sonoran acquisition liability	-	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-	-
48	Financing costs paid	-	-	-
49	Debt issuance costs paid	-	-	-
50	Advances in aid of construction	-	-	-
51	Dividends Paid	-	-	-
52	Proceeds from sale of stock	-	-	-
53	Contributions in aid of construction under ICFA agreements	-	-	-
54	Payments of offering costs for sale of stock	-	-	-
55	Refunds of advances for construction	-	-	-
56	Net cash (used) provided by financing activities	-	-	-
57	Net change in cash	(1)	(1)	(1)
58				
59	<u>Supporting Schedules:</u>		Recap Schedule	
60	E-3		A-5	
61	F-3			
62				

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule F-3

Projected Construction Requirements

Line No.	Property Classification	Through 12/31/2020	Through 12/31/2021	Through 12/31/2022
1				
2	Well Development	\$ -	\$ -	\$ -
3				
4	Water Distribution Centers			
5				
6	Treatment and/or Blending			
7				
8	Pipelines			
9				
10	SCADA			
11				
12	Other			
13				
14	Totals	\$ -	\$ -	\$ -
15		(Sch. B-2.1)		
16				
17				
18				

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule F-4

Assumptions

Line

No.

1

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Revenues and expenses were projected using the pro forma changes to the test year ending December 31, 2019. Actual expenses incurred during the test year ending December 31, 2019, were considered when developing pro forma adjustments. Where known and measurable changes are expected to occur, those changes are applied to determine pro form adjustments.

Construction forecasts are based on estimated plant requirements including new facilities, the replacement of existing facilities, and the improvement and maintenance of infrastructure necessary to ensure safe and reliable service.

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedules G- thru G-7

Cost of Service Study

Picacho Cove Utilities Company has no customers, no revenue, and no rate of return.

A cost of service study, which apportions rate of return to different classes of customers cannot be performed when there are no customers.

Global Water - Picacho Cove Utilities Company

Test Year Ended December 31, 2019

Schedule H-1 thru H-5

Revenues by customer class and billing analysis.

Picacho Cove Utilities Company has no customers and no revenue. Therefore there is no revenue to assign to different customer classes and there are no billing data to analyze.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule A-1

Test Year Ended December 31, 2019

Computation of Increase in Gross Revenue Requirement

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			\$ 72,207,655	\$ 72,207,655
2					
3	Adjusted Operating Income (Loss)			\$ 4,658,604	\$ 4,658,604
4					
5	Current Rate of Return (Line 3 /Line 1)			6.45%	6.45%
6					
7	Required Operating Income (Line 9 * Line 1)			\$ 6,092,313	\$ 6,092,313
8					
9	Required Rate of Return			8.44%	8.44%
10					
11	Operating Income Deficiency (Line 7 - Line 3)			\$ 1,433,710	\$ 1,433,710
12					
13	Gross Revenue Conversion Factor			1.368777	1.368777
14					
15	Increase in Gross Revenue Requirements			\$ 1,962,429	\$ 1,962,429
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates*	Rates	Increase	Increase
20					
21	Residential	\$ 18,443,606	\$ 19,505,055	\$ 1,061,449	5.8%
22	Commercial	993,757	1,056,919	63,162	6.4%
23	Recycled	1,124,017	1,290,442	166,425	14.8%
24					
25	Total of Water Revenues	\$ 20,561,381	\$ 21,852,417	\$ 1,291,036	6.3%
26					
27	Adjustment**	\$ (529,521)	\$ (4,371)	525,149	-99.2%
28					
29	TCJA Credit Phase In	\$ (146,244)		146,244	-100.0%
30					
31	Miscellaneous Revenues	\$ 437,334	\$ 437,334	\$ -	0.0%
32					
33	Total Operating Revenues	\$ 20,322,951	\$ 22,285,380	\$ 1,962,429	9.7%
34					
35	Total Adjusted Revenues (Schedule C-1)	\$ 20,322,951	\$ 22,285,380	\$ 1,962,429	9.7%
36					
37	*At 2021 Rates as adjusted.				
38	**See Schedule H-1				
39					
40	<u>Supporting Schedules:</u>				
41	B-1				
42	C-1				
43	C-3				
44	H-1				
45					

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule A-2

Test Year Ended December 31, 2019

Summary of Results of Operations

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		12/31/2017	12/31/2018	Actual 12/31/2019	Adjusted 12/31/2019	Present Rates 12/31/2021	Proposed Rates 12/31/2021
1	Gross Revenues	NA	NA	\$ 19,327,687	\$ 20,322,951	\$ 20,322,951	\$ 22,285,380
2							
3	Revenue Deductions and						
4	Operating Expenses	NA	NA	17,041,820	15,664,347	15,664,347	16,193,067
5							
6	Operating Income	NA	NA	2,285,868	4,658,604	4,658,604	6,092,313
7							
8	Other Income and Deductions	NA	NA	(6,034)	(6,034)	(6,034)	(6,034)
9							
10	Interest Expense	NA	NA	(59,330)	(59,330)	(59,330)	(59,330)
11							
12	Net Income	NA	NA	2,220,503	4,593,240	4,593,240	6,086,278
13							
14	Common Shares	NA	NA	1,000	1,000	1,000	1,000
15							
16	Earned Per Average						
17	Common Share	NA	NA	2,221	4,593	4,593	6,086
18							
19	Dividends Per						
20	Common Share	NA	NA	NA	NA	NA	NA
21							
22	Payout Ratio	NA	NA	NA	NA	NA	NA
23							
24	Return on Average						
25	Invested Capital	NA	NA	2.7%	5.5%	5.5%	7.3%
26							
27	Return on Year End						
28	Capital	NA	NA	2.7%	5.5%	5.5%	7.3%
29							
30	Return on Average						
31	Common Equity	NA	NA	2.7%	5.5%	5.5%	7.3%
32							
33	Return on Year End						
34	Common Equity	NA	NA	2.7%	5.5%	5.5%	7.3%
35							
36	Times Bond Interest Earned						
37	Before Income Taxes	NA	NA	NA	NA	NA	NA
38							
39	Times Total Interest and						
40	Preferred Dividends Earned						
41	After Income Taxes	NA	NA	NA	NA	NA	NA
42							
43	Supporting Schedules:						
44	E-2						
45	C-1						
46	F-1						

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule A-3

Summary of Capital Structure

Line No.	Description	Prior Years Ended		Test Year	Projected Year
		12/31/2017	12/31/2018	12/31/2019	12/31/2021
1	Short-Term Debt	NA	NA	\$ -	\$ -
2					
3	Long-Term Debt	NA	NA	-	-
4					
5	Total Debt	NA	NA	-	-
6					
7	Preferred Stock	NA	NA	-	-
8					
9	Common Equity	NA	NA	83,329,384	83,329,384
10					
11	Total Capital	NA	NA	83,329,384	83,329,384
12					
13	Capitalization Ratios:				
14					
15	Short-Term Debt	NA	NA	-	-
16					
17	Long-Term Debt	NA	NA	-	-
18					
19	Total Debt	NA	NA	-	-
20					
21	Preferred Stock	NA	NA	-	-
22					
23	Common Equity	NA	NA	100%	100%
24					
25	Total Capital	NA	NA	100%	100%
26					
27	Weighted Cost of				
28	Short-Term Debt	NA	NA	-	-
29					
30	Weighted Cost of				
31	Long-Term Debt	NA	NA	-	-
32					
33	Weighted Cost of				
34	Senior Debt	NA	NA	-	-
35					
36	<u>Supporting Schedules:</u>				
37	E-1				
38	D-1				

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule A-4

Construction Expenditures and Gross Utility Plant Placed in Service

Line No.			Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1	Prior Year Ended	12/31/2017	NA	NA	NA
2					
3	Prior Year Ended	12/31/2018	NA	NA	NA
4					
5	Test Year Ended	12/31/2019	4,249,912	\$11,809,123	156,011,557
6					
7	Projected Year Ended	12/31/2020	1,809,879	1,809,879	157,821,437
8					
9					
10			1,528,908		
11					
12					
13	<u>Supporting Schedules:</u>				
14	F-3				
15	E-5				
16					
17					
18					
19					
20					

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Comparative Statement of Changes in Financial Position

Schedule A-5

Line No.		Prior Years Ended		Test Year 12/31/2019	Projected Year	
		12/31/2017	12/31/2018		Present Rates 12/31/2020	Proposed Rates 12/31/2020
1	Operating Activities					
2	Net income (loss)	NA	NA	\$ 2,220,503	\$ 4,593,240	\$ 6,026,949
3	Adjustment to reconcile net income (loss)					
4	Deferred compensation	NA	NA	-	-	-
5	Depreciation	NA	NA	4,459,098	4,730,565	4,730,565
6	Amortization	NA	NA	-	-	-
7	Amortization of deferred debt issuance costs and discounts	NA	NA	-	-	-
8	Write-off of debt issuance costs	NA	NA	-	-	-
9	Gain on sale of 303 contracts	NA	NA	-	-	-
10	(Gain) Loss on Equity Investment	NA	NA	-	-	-
11	Other gains and losses	NA	NA	-	-	-
12	(Gain) Loss on disposal of fixed assets	NA	NA	736	736	736
13	Loss on Sale of Willow Valley	NA	NA	-	-	-
14	Provision for doubtful accounts receivable	NA	NA	55,316	55,316	55,316
15	Deferred income tax (benefit) expense	NA	NA	2,343,495	2,343,495	2,343,495
16	Accounts receivables	NA	NA	(153,520)	(153,520)	(153,520)
17	Other Receivables	NA	NA	108,559	108,559	108,559
18	Accrued revenue	NA	NA	(46,900)	(46,900)	(46,900)
19	Infrastructure coordination and financing fee receivable	NA	NA	-	-	-
20	Income taxes receivable	NA	NA	-	-	-
21	Other current assets	NA	NA	37,965	37,965	37,965
22	Accounts payable and other current liabilities	NA	NA	391,051	391,051	391,051
23	Other noncurrent assets	NA	NA	(4,499,316)	(4,499,316)	(4,499,316)
24	Other noncurrent liabilities	NA	NA	-	-	-
25	Deferred revenue and prepaid ICFA fees	NA	NA	-	-	-
26	Net cash (used) provided by operating activities	NA	NA	4,916,987	7,561,191	8,994,900
27						
28	Investing Activities					
29	Capital expenditures	NA	NA	(4,491,001)	(1,809,879)	(1,809,879)
30	Purchase adjustments	NA	NA	-	-	-
31	Proceeds from sale of fixed and intangible assets	NA	NA	-	-	-
32	(Deposits) withdrawals of restricted cash	NA	NA	(381,259)	(381,259)	(381,259)
33	Deposits	NA	NA	-	-	-
34	Advance in aid of construction release	NA	NA	-	-	-
35	Net cash used in investing activities	NA	NA	(4,872,260)	(2,191,138)	(2,191,138)
36						
37	Financing Activities					
38	Proceeds from bond	NA	NA	-	-	-
39	Deposits in bond service fund	NA	NA	-	-	-
40	Proceeds withdrawn from bond service fund	NA	NA	-	-	-
41	Repayments of bond debt	NA	NA	-	-	-
42	(Deposit into)/ redemption from escrow for debt service	NA	NA	-	-	-
43	Loan borrowings	NA	NA	-	-	-
44	Loan repayments	NA	NA	-	-	-
45	Principal payments under capital lease	NA	NA	-	-	-
46	Payment of Sonoran acquisition liability	NA	NA	-	-	-
47	Acquisition of utilities, deferred acquisition payments	NA	NA	-	-	-
48	Financing costs paid	NA	NA	-	-	-
49	Debt issuance costs paid	NA	NA	-	-	-
50	Advances in aid of construction	NA	NA	265,876	265,876	265,876
51	Dividends Paid	NA	NA	-	-	-
52	Proceeds from sale of stock	NA	NA	-	-	-
53	Contributions in aid of construction under ICFA agreements	NA	NA	-	-	-
54	Payments of offering costs for sale of stock	NA	NA	-	-	-
55	Refunds of advances for construction	NA	NA	(310,580)	(310,580)	(310,580)
56	Net cash (used) provided by financing activities	NA	NA	(44,704)	(44,704)	(44,704)
57	Net change in cash	NA	NA	23	5,325,348	6,759,057
58						
59	<u>Supporting Schedules:</u>					
60	E-3					
61	F-2					
62						

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-1

Summary of Fair Value Rate Base

Line No.		Original Cost Rate Base As Filed
1	Plant in Service	157,133,405
2	Less: Accumulated Depreciation	(46,143,772)
3		
4	Net Plant in Service	110,989,633
5		
6	<u>LESS:</u>	
7	Net Contributions in Aid of Construction (CIAC)	7,694,194
8	Advances in Aid of Construction (AIAC)	29,653,990
9	Customer Deposits	677,530
10	Deferred Income Tax Credits	914,495
11		
12	<u>ADD:</u>	
13	Unamortized Finance Charges	
14	Deferred Tax Assets	(296,890)
15	Working Capital	(39,909)
16	Utility Plant Acquisition Adjustment	495,030
17		
18	Original Cost Rate Base	72,207,655
19		
20		
21		
22		
23	<u>Supporting Schedules:</u>	Recap Schedules
24	B-2	A-1
25	B-3	
26	E-1	
27	B-5	

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Detail Plant in Service

Schedule B-2

Page 1 of 2

Line No.	A Actual Test Year End	B PTYP Adjustment 1 B.2.1	C Adjustment 2 B.2.2	D Adjustment 3 B.2.3	E Adjustment 4 B.2.4	F Adjustment 5 B.2.5	G Adjustment 6 B.2.6	H Adjusted Test Year As Filed
1	Utility Plant in Service							
2	351 Organization	\$ 11,982						\$ 11,982
3	352 Franchises	59,751						59,751
4	353 Land and Land Rights	281,091	28,356					309,447
5	354 Structures and Improvements	39,391,607	186,848		(688,031)			38,890,424
6	355 Power Generation Equipment	1,362,303						1,362,303
7	360 Collections Wastewater - Force	5,171,377	15,000					5,186,377
8	361 Collections Wastewater - Gravity	57,764,202	190,232					57,954,434
9	362 Special Collecting Structures	695,132						695,132
10	363 Services to Customers	5,965,025						5,965,025
11	364 Flow Measuring Devices	59,429	14,864					74,293
12	365 Flow Measuring Installations	-						-
13	366 Reuse Services	45,372						45,372
14	367 Reuse Meters & Meter Installations	-						-
15	370 Receiving Wells	1,183,361						1,183,361
16	371 Pumping Equipment	5,746,945	515,494					6,262,439
17	374 Reuse Distribution Reservoirs	1,657,371						1,657,371
18	375 Reuse Trans. And Distr. Equipment	15,174,878	6,364					15,181,242
19	380 Treatment and Disposal Equipment	15,462,782	731,269					16,194,051
20	381 Plant Sewers	789,702						789,702
21	382 Outfall Sewer Lines	353,645						353,645
22	389 Other Plant and Misc. Equipment	2,445,036	5,625					2,450,661
23	390 Office Furniture and Equipment	115,872	1,366					117,238
24	390.1 Computer & Software	370,017	57,052					427,068
25	391 Transportation Equipment	581,168						581,168
26	392 Stores Equipment	-						-
27	393 Tools, Shop and Garage Equipment	195,721						195,721
28	394 Laboratory Equipment	23,642						23,642
29	395 Power Operated Equipment	186,183						186,183
30	396 Communication Equipment	80,508						80,508
31	397 Miscellaneous Equipment	597,885	15,000					612,885
32	398 Other Tangible Plant	239,571	42,409					281,980
33		-						-
34		-						-
35		-						-
36	Total Utility Plant in Service	156,011,557	1,809,879	-	-	(688,031)	-	157,133,405
37								
38	107 Construction Work in Progress	16,582,676				140,824		16,723,500
39								
40	Total Plant	172,594,233	1,809,879	-	-	(547,207)	-	173,856,906
41								
42	Total Accum. Depreciation	(46,376,502)	(65,295)			11,467	286,558	(46,143,772)
43								
44	Total Net Plant	218,970,735	1,875,174	-	-	(558,674)	(286,558)	127,713,134

Supporting Schedules

E-1

Recap Schedule

B-1

	UNADJUSTED	ADJ #B1	ADJ #B2	ADJ #B3	ADJ #B4	ADJ #B5	ADJ #B6	ADJ #B7	ADJUSTED
Gross Plant in Service:	156,011,557	1,809,879	-	-	(688,031)	-	-	-	157,133,405
Less:									
Accumulated Depreciation	(46,376,502)	(65,295)	-	-	11,467	286,558	-	-	(46,143,772)
Net Plant in Service	109,635,055	1,744,584	-	-	(676,564)	286,558	-	-	110,989,633
Less:									
Advances in Aid of Construction	29,653,990								29,653,990
Contributions in Aid of Construction									
Gross	8,197,080								8,197,080
Accumulated Amortization	(502,886)								(502,886)
Net Contributions in Aid of Construe	7,694,194								7,694,194
Deferred Income Tax	6,569,714	(4,210)	(5,651,009)						914,495
Customer Deposits	677,530								677,530
Add:									
Working Capital	(39,909)								(39,909)
Deferred Tax Assets	134,252		(431,142)						(296,890)
Utility Plant Acquisition Adjustment*	916,207			(421,178)					495,030
Total Rate Base:	66,050,177	1,748,795	5,219,867	(421,178)	(676,564)	286,558	-	-	72,207,655

*Red Rock Only

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-2.1

Adjustment 1 Post Test Year Plant

LINE NO.

NARUC	Asset Cost Projects				Total	Depreciation Rate	Depreciation Expense
	Completed as of Filing	Adjustments	901 Allocation	Projected Thru 2020 Year End			
353	28,356	-	-	-	28,356	0%	-
354	159,848	-	-	27,000	186,848	3.33%	6,222
360	-	-	-	15,000	15,000	2.00%	300
361	148,732	-	-	41,500	190,232	2.00%	3,805
364	14,864	-	-	-	14,864	10.00%	1,486
371	235,494	-	-	280,000	515,494	12.50%	64,437
375	6,364	-	-	-	6,364	2.50%	159
380	731,269	-	-	-	731,269	5.00%	36,563
389	5,625	-	-	-	5,625	6.67%	375
390	-	-	1,366	-	1,366	6.67%	91
390.1	14,437	-	42,614	-	57,052	20.00%	11,410
395	395,811	(395,811)	-	-	-	5.00%	-
397	-	-	-	15,000	15,000	10.00%	1,500
398	32,409	-	-	10,000	42,409	10.00%	4,241
TOTAL	1,773,210	(395,811)	43,980	388,500	1,809,879		130,590

Accumulated Depreciation With Half Year Convention

\$ 65,295

AD Tax* \$ 45,247

AD Regulatory 65,295

Difference (20,048)

Tax Rate 21%

Change in ADIT (4,210)

*5% Depreciation Rate Applied to all Plant

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-2.2

Adjustment 2 Deferred Tax

LINENO.

1	Deferred Tax Liability (Book)	6,569,714
2	Less	
3	Assets affected by Valencia Deferred Gain	5,651,009
4	Deferred Tax Liability (Adjusted)	918,705
5		
6		
7	Deferred Tax Assets (Book)	134,252
8	Less	
9	Deferred Compensation	356,208
10	Options Expense	74,935
11	Total Adjustment	431,142
12		
13	Deferred Tax Assets (Adjusted)	(296,890)
14		
15		
16		
17		
18		
19		

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-2.3

Adjustment to Acquisition Premium

Line No.	Estimate of Red Rock Sewer 10/16/2018 Rate Base	
1	Plant in Service	\$13,224,295
2	Less: Accumulated Depreciation	(4,099,598)
3		
4	Net Plant in Service	9,124,697
5		
6	<u>LESS:</u>	
7	Net CIAC	5,120,495
8	Advances in Aid of Construction (AIAC)	\$1,529,054
9	Customer Deposits	-
10	Deferred Income Tax Credits	-
11		
12	<u>ADD:</u>	
13	Unamortized Finance Charges	-
14	Deferred Tax Assets	-
15	Working Capital	-
16	Utility Plant Acquisition Adjustment	-
17		
18	<u>Original Cost Rate Base</u>	<u>2,475,148</u>
19		
20	% Cap on AP per Decision No 75626	20%
21		
22	Allowable Acquisition Premium	495,030
23		
24	Acquisition Premium (Book)	916,207
25		
26	Adjustment	(421,178)
27		

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-2.4

Adjustment 4 Groves Plant Write Off

LINE NO.

1	Account 354 Book	36,308,015
2	Less Groves Transfer to CWIP	(140,824)
3	Less Groves Plant Write Off (Account 354)	(547,207)
4	Account 354 Book Adjusted	35,619,983
5		
6	Reversal of Accumulated Depreciation	11,467

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-2.5

Rate Base Adjustment 5 Accumulated Depreciation Restatement

Line

No.

1 Adjustment to accumulated depreciation to account for

2 assignment of correct service lives.

3

		2019 Depr	Retained	
	NARUC Account	Adjustment	Earnings	Total Accum Depr
			Adjustment	Adjust
4				
5	354	(575)	80,736	80,161
6	355	(0)	4,758	4,758
7	360	0	(69,656)	(69,656)
8	361	(0)	(120,659)	(120,659)
9	362	11	(192)	(181)
10	363	0	(8,622)	(8,622)
11	364	66	299	365
12	370	(0)	(1,555)	(1,555)
13	371	824	5,370	6,194
14	374	(6,154)	(70,774)	(76,929)
15	375	(20,189)	(86,891)	(107,079)
16	380	3,162	24,818	27,980
17	381	0	(9,730)	(9,730)
18	382	(0)	887	887
19	389	293	7,200	7,493
20	390.1	(467)	(621)	(1,088)
21	393	(186)	(1,554)	(1,740)
22	394	11	82	93
23	395	(45)	26	(19)
24	396	1,399	(2,780)	(1,382)
25	398	6,340	(22,190)	(15,850)
26	TOTAL	(15,509)	(271,049)	(286,558)
27				
28	Accumulated Depreciation Book			(46,376,502)
29				
30	Adjustment 2.5			286,558
31				
32	Accumulated Depreciation Adjusted			(46,089,944)
33				

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Schedule B-3 RCND Rate Base Pro forma

LINE NO.

- | | |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base. |
| 3 | |
| 4 | |
| 5 | |
| 6 | |

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Schedule B-4 RCND By Major Plant Account

LINE NO.

- | | |
|---|--|
| 1 | The Company has opted not to perform a RCND study and adopts its |
| 2 | original cost rate base as the fair value rate base. |
| 3 | |
| 4 | |
| 5 | |
| 6 | |

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Schedule B-5 Computation of Working Capital

Schedule B-5
Page 1 Of 2

LINE NO.

		Test Year Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead / Lag Factor	Working Cash Requirement
1	Operating Expenses						
2							
3	Purchased Power	\$ 1,644,009	\$ 39	\$ 24	\$ 16	0.0436	\$ 71,683
4	Payroll	5,849,624	39	9	31	0.0842	492,369
5	Chemicals	265,021	39	17	22	0.0612	16,221
6	Property & Liability Insurance	280,025	39	2	37	0.1019	28,546
7	Worker's Compensation Insurance	90,650	39	(69)	108	0.2971	26,932
8	Medical, Vision, Dental, LTD & Life Insurance	642,050	39	3	36	0.0990	63,543
9	Other O&M (Excluding Rate Case Expense)	1,053,862	39	38	1	0.0029	3,028
10	Federal Income Taxes	86,375	39	38	2	0.0054	463
11	State Income Taxes	141,000	39	38	2	0.0054	757
12	FICA Taxes	371,590	39	9	31	0.0842	31,277
13	FUTA & SUTA Taxes	4,979	39	9	31	0.0842	419
14	Property Taxes	2,165,582	39	180	(140)	(0.3839)	(831,277)
15	Registration, Svc. Contracts, & Misc. Fees	1,683,381	39	34	5	0.0146	24,643
16	Retirement Annuities (401k)	163,492	39	66	(26)	(0.0713)	(11,665)
17							
18	Total	\$ 14,441,639					\$ (83,060)
19							
20							
21	Supporting Schedules						Recap Schedules
22	(a) E-1						B-1
23							
24							
25							
26							
27							

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule B-5 Computation of Working Capital

Schedule B-5

Page 2 Of 2

LINE NO.

			2019 Year	Allocation	
	Total Working Cash		End	Percent	of
	Requirement		Counts	Allocation	Working
					Capital
1					
2	\$ (83,059.87)	Palo Verde	21,109	46.1%	\$ (38,307)
3		Santa Cruz	21,357	46.7%	(38,757)
4		North Scottsdale	92	0.2%	(167)
5		Tonopah	413	0.9%	(749)
6		Eagletail	57	0.1%	(103)
7		Turner Ranches	963	2.1%	(1,748)
8		Red Rock Sewer	883	1.9%	(1,602)
9		Red Rock Water	896	2.0%	(1,626)
10			45,770		
11					
12		Palo Verde RRS Consolidated			(39,909)
13		Santa Cruz RRW Consolidated			(40,383)
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule C-1

Test Year Ended December 31, 2019

Adjusted Test Year Income Statement

Line No.	[A] Actual Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Proposed Rate Increase	[E] Adjusted With Rate Increase
Operating Revenue					
521 Flat Rate Revenues	17,968,549	995,264	18,963,813	1,962,429	20,926,242
522 Measured Revenues	921,804	-	921,804	-	921,804
534 Rents from Wastewater Property	63,911	-	63,911	-	63,911
536 Other Wastewater Revenues	373,423	-	373,423	-	373,423
	-	-	-	-	-
Total Revenues	19,327,687	995,264	20,322,951	1,962,429	22,285,380
Operating Expenses					
701 Salaries and Wages	3,175,878	401,679	3,577,556	-	3,577,556
704 Employee Pensions and Benefits	431,921	-	431,921	-	431,921
710 Purchased Wastewater Treatment	-	-	-	-	-
711 Sludge Removal Expense	24,876	-	24,876	-	24,876
715 Purchased Power	725,867	18,184	744,051	-	744,051
716 Fuel for Power Production	-	-	-	-	-
718 Chemicals	244,940	6,509	251,449	-	251,449
720 Materials and Supplies	55,618	-	55,618	-	55,618
720.1 Repairs and Maintenance	169,575	-	169,575	-	169,575
720.2 Office Supplies and Expense	-	-	-	-	-
721 Office Expense	130,368	20,159	150,526	-	150,526
731 Contractual Services -Engineering	-	-	-	-	-
732 Contractual Services - Accounting	347,231	-	347,231	-	347,231
733 Contractual Services - Legal	249,955	-	249,955	-	249,955
734 Contractual Services - Management Fees	882,758	(882,758)	-	-	-
735 Contractual Services - Testing	48,421	-	48,421	-	48,421
736 Contractual Services - Other	281,990	471,198	753,188	-	753,188
740 Rents - Building	85,165	-	85,165	-	85,165
Intentionally Left Blank	-	-	-	-	-
742 Rents - Equipment	29,939	-	29,939	-	29,939
750 Transportation Expenses	108,937	-	108,937	-	108,937
756 Insurance - Vehicle	-	-	-	-	-
757 Insurance - General Liability	208,213	-	208,213	-	208,213
758 Insurance - Worker's Compensation	44,541	-	44,541	-	44,541
759 Insurance - Other	-	-	-	-	-
760 Advertising Expense	13,988	-	13,988	-	13,988
766 Regulatory Commission Expense - Rate Case	-	-	-	-	-
767 Regulatory Commission Expense - Other	34,683	(24,862)	9,821	-	9,821
770 Bad Debt Expense	59,581	3,068	62,649	6,050	68,699
775 Miscellaneous Expense	1,323,352	20,160	1,343,512	-	1,343,512
403 Depreciation Expense	4,459,099	271,466	4,730,565	-	4,730,565
408 Taxes Other Than Income	98,833	-	98,833	-	98,833
408.11 Property Taxes	1,219,728	321,447	1,541,176	48,049	1,589,225
408.12 Payroll Taxes	186,060	-	186,060	-	186,060
408.13 Other Taxes and Licenses	2,714	-	2,714	-	2,714
409 Income Taxes	2,397,589	(2,003,722)	393,868	474,621	868,489
Total Operating Expenses	17,041,820	(1,377,473)	15,664,347	528,720	16,193,067
Operating Income / (Loss)	2,285,868	2,372,736	4,658,604	1,433,709	6,092,313
Other Income / (Expense)					
414 Gain/Loss on Dispositions	(736)	-	(736)	-	(736)
419 Interest and Dividend Income	2,755	-	2,755	-	2,755
421 Non-Utility Income	(7,155)	-	(7,155)	-	(7,155)
426 Miscellaneous Non-Utility (Expense)	(898)	-	(898)	-	(898)
427 Interest (Expense)	(59,330)	-	(59,330)	-	(59,330)
Total Other Income / (Expense)	(65,364)	-	(65,364)	-	(65,364)
Net Income / (Loss)	2,220,503	2,372,736	4,593,240	1,433,709	6,026,949

Global Water-Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Adjusted Test Year Income Statement

Schedule C2

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	
	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjusted	Adjustment	Adjustment	Adjustment	Adjustment	Adjusted	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Test Year	16	17	18	19	20	Adjusted	
	Actual	Bad Debt	Property Tax	Income Tax	Rate Phase In	Depreciation	Payroll	Bonus	FATHOM	Half Year Conv	CAP Removal	Annualization	Groves	Depreciation	Restatement	As Filed	Bad Debt	Property Tax	Income Tax	Revenue Increase	Income Tax	With	
	Test Year	C-2.1	C-2.2	C-2.3	C-2.4	C-2.5	C-2.6	C-2.7	C-2.8	C-2.9	C-2.10	C-2.11	C-2.12	C-2.13	C-2.14	C-2.15	C-2.1	C-2.2	C-2.3	A-1	Income Tax	Rate Increase	
Operating Revenue																							
521 Net Rate Revenues	17,968,549				469,658							525,608					18,961,813			1,962,429		20,026,242	
522 Measured Revenues	921,804																921,804					921,804	
534 Rents from Wastewater Property	61,911																61,911					61,911	
536 Other Wastewater Revenues	373,423																373,423					373,423	
	-																-					-	
Total Revenues	19,527,687																20,322,051					22,285,180	
Operating Expenses																							
701 Salaries and Wages	3,175,878						418,683	(398,250)	381,251								3,577,556					3,577,556	
704 Employee Pensions and Benefits	431,921																431,921					431,921	
710 Purchased Wastewater Treatment	-																-					-	
711 Sludge Removal Expense	24,876																24,876					24,876	
715 Purchased Power	725,867												16,184				744,051					744,051	
716 Fuel for Power Production	-																-					-	
718 Chemicals	244,940												6,509				251,449					251,449	
720 Materials and Supplies	55,618																55,618					55,618	
720.1 Repairs and Maintenance	169,575																169,575					169,575	
720.2 Office Supplies and Expense	-																-					-	
721 Office Expense	130,368								20,159								150,526					150,526	
731 Contractual Services - Engineering	-																-					-	
732 Contractual Services - Accounting	347,231																347,231					347,231	
733 Contractual Services - Legal	249,935																249,935					249,935	
734 Contractual Services - Management Fees	882,758								(882,758)								-					-	
735 Contractual Services - Testing	48,421																48,421					48,421	
736 Contractual Services - Other	281,990								471,198								753,188					753,188	
740 Rents - Building	85,165																85,165					85,165	
Intentionally Left Blank	-																-					-	
742 Rents - Equipment	29,939																29,939					29,939	
750 Transportation Expenses	108,937																108,937					108,937	
755 Insurance - Vehicle	-																-					-	
757 Insurance - General Liability	208,213																208,213					208,213	
758 Insurance - Worker's Compensation	44,541																44,541					44,541	
759 Insurance - Other	-																-					-	
760 Advertising Expense	13,988																13,988					13,988	
766 Regulatory Commission Expense - Rate Case	-																-					-	
767 Regulatory Commission Expense - Other	34,683											(24,862)					9,821					9,821	
770 Bad Debt Expense	59,581	3,068															62,649	6,068				68,699	
775 Miscellaneous Expense	1,343,512								20,160	233,147							1,343,512					1,343,512	
403 Depreciation Expense	4,730,565				65,295										(11,467)	(15,509)	4,730,565					4,730,565	
408 Taxes Other Than Income	98,833																98,833					98,833	
408.11 Property Taxes	1,219,728		321,447														1,541,176		48,049			1,589,225	
408.12 Payroll Taxes	186,060																186,060					186,060	
408.13 Other Taxes and Licenses	2,714																2,714					2,714	
409 Income Taxes	2,397,589			(2,003,722)													393,867			474,621		868,489	
Total Operating Expenses	17,043,620	3,068	321,447	(2,003,722)	-	65,295	418,683	(398,250)	10,010	233,147	(24,862)	24,693	(11,467)	(15,509)	-	-	15,664,347	6,068	48,049	474,621	-	-	16,193,067
Operating Income / (Loss)	2,285,868	(3,068)	(321,447)	2,003,722	-	(65,295)	(418,683)	398,256	(10,010)	(233,147)	24,862	(24,693)	11,467	15,509	-	-	4,658,604	(6,068)	(48,049)	(474,621)	-	-	6,092,313
Other Income / (Expense)																							
414 Gain/Loss on Dispositions	(736)																(736)					(736)	
419 Interest and Dividend Income	2,755																2,755					2,755	
421 Non-Utility Income	(7,155)																(7,155)					(7,155)	
426 Miscellaneous Non-Utility (Expense)	(898)																(898)					(898)	
427 Interest (Expense)	(59,330)																(59,330)					(59,330)	
Total Other Income / (Expense)	(65,364)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(65,364)	-	-	-	-	-	(65,364)
Net Income / (Loss)	2,220,503	(3,068)	(321,447)	2,003,722	-	(65,295)	(418,683)	398,256	(10,010)	(233,147)	24,862	(24,693)	11,467	15,509	-	-	4,593,240	(6,068)	(48,049)	(474,621)	-	-	6,026,949

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.1

Income Statement Adjustment 1 & 16

Adjust Bad Debt Expense for Change in Revenue Levels

Line

No.

1	Bad Debt Expense - Test Year Actual (Sch C-2)	\$	59,581
2	Actual Test Year Revenues (Sch C-2)		19,327,687
3	Bad Debt Expense Rate		0.3083%
4			
5			
6	Adjusted Test Year Revenues (Sch C-2)	\$	20,322,951
7	Bad Debt Expense Rate		0.3083%
8	Expected Bad Debt Expense	\$	62,649
9			
10	Adjustment to Bad Debt Expense Based on Adjusted Test Year Revenues	\$	3,068
11			
12			
13	Proposed Revenues (Sch C-2)	\$	22,285,380
14	Bad Debt Expense Rate		0.3083%
15	Expected Bad Debt Expense Based on Proposed Revenues	\$	68,699
16			
17	Adjustment to Bad Debt Expense	\$	6,050
18			
19			
20			

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.2

Income Statement Adjustments 2 & 17

Adjustment to Property Tax

Line No.		Test Year As Adjusted	Proposed
1	Adjusted Test Year Revenues	\$ 20,322,951	\$ 20,322,951
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	40,645,902	\$ 40,645,902
4	Proposed Revenue Requirement	20,322,951	\$ 22,285,380
5	Subtotal (Line 3 + Line 4)	60,968,853	62,931,282
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	20,322,951	\$ 20,977,094
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	40,645,902	\$ 41,954,188
10	Plus: 10% of CWIP -	1,658,268	1,658,268
11	Less: Net Book Value of Licensed Vehicles	340,974	340,974
12	Full Cash Value (Line 9 + Line 10 - Line 11)	41,963,195	\$ 43,271,481
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	7,553,375	\$ 7,788,867
15	Composite Property Tax Rate	20.4038%	20.4038%
16			
17	Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 1,541,176	
18	Actual Test Year Property Tax Expense	1,219,728	
19			
20	Test Year Adjustment (Line 17-Line 18)	\$ 321,447	
21	Property Tax - Recommended Revenue (Line 14 * Line 15)		\$ 1,589,225
22	Test Year Adjusted Property Tax Expense (Line 17)		1,541,176
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 48,049
24			
25	Increase to Property Tax Expense		\$ 48,049
26	Increase in Revenue Requirement		1,962,429
27	Increase to Property Tax per Dollar Increase in Revenue (Line 25/Line 26)		2.448456%
28			
29			

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.3

Income Statement Adjustments 3 & 20

Income Taxes

LINE NO.	DESCRIPTION	[A] TEST YEAR ACTUAL	[B] ADJUSTMENTS	[C] ADJUSTED TEST YEAR AS FILED
1	Income Taxes	\$ 2,397,589	\$ (2,003,722)	\$ 393,868
2				
3				
4		ADJUSTED TEST		ADJUSTED WITH
5	DESCRIPTION	YEAR AS FILED	ADJUSTMENTS	RATE INCREASE
6				
7		\$ 393,868	\$ 474,621	\$ 868,489
8				
9				
10				
11				
12				

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule C-2.4

Test Year Ended December 31, 2019

Income Statement Adjustments 4

Phase In of Rates Through 2021

LINE NO.	DESCRIPTION	[A] TEST YEAR ACTUAL	[B] ESTIMATED 2020 RATE PHASE IN REVENUE IMPACT <u>Palo Verde</u>	[C] ESTIMATED 2021 RATE PHASE IN REVENUE IMPACT <u>Palo Verde</u>	[D] ESTIMATED 2020 RATE PHASE IN REVENUE IMPACT <u>Red Rock</u>	[E] 2020 TCJA Credit Impact Relative to 2019	[F] 2021 TCJA Credit Impact Relative to 2020	[G] ADJUSTED TEST YEAR AS FILED
1	Flat Rate Revenues	\$ 17,968,549	\$ 269,607	\$ 272,138	\$ 74,157	\$ (73,122)	\$ (73,122)	\$ 18,438,207
2								
3	Total 2020 - 2021 ADJUSTMENT							
4	\$ 469,658							
5								
6								
7	TCJA Bill Credit 2019	\$522,537						
8	TCJA Bill Credit 2020	\$595,659						
9	Change	(73,122)						
10								
11	TCJA Bill Credit 2020	\$595,659						
12	TCJA Bill Credit 2021	\$668,781						
13	Change	(73,122)						
14								

Asset Cost Projects Completed as of						Projected Thru 2020		Depreciat on Rate	Depreciatio n Expense
NARUC	Filing	Adjustments	901 Allocation	Year End	Total				
353	28,356	-	-	-	28,356		0%	-	
354	159,848	-	-	27,000	186,848		3.33%	6,222	
360	-	-	-	15,000	15,000		2.00%	300	
361	148,732	-	-	41,500	190,232		2.00%	3,805	
364	14,864	-	-	-	14,864		10.00%	1,486	
371	235,494	-	-	280,000	515,494		12.50%	64,437	
375	6,364	-	-	-	6,364		2.50%	159	
380	731,269	-	-	-	731,269		5.00%	36,563	
389	5,625	-	-	-	5,625		6.67%	375	
390	-	-	1,366	-	1,366		6.67%	91	
390.1	14,437	-	42,614	-	57,052		20.00%	11,410	
395	395,811	(395,811)	-	-	-		5.00%	-	
397	-	-	-	15,000	15,000		10.00%	1,500	
398	32,409	-	-	10,000	42,409		10.00%	4,241	
TOTAL	1,773,210	(395,811)	43,980	388,500	1,809,879			130,590	
Depreciation Expense With Half Year Convention								65,295	

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.6

Income Statement Adjustments 6

Payroll Adjustments

Line

Number	Position Title	Palo Verde	Santa Cruz	Red Rock Sewer	Red Rock Water	Tonopah	Eagletail	Scottsdale	Turner Ranches
1	O&M 2019 Vacancies (Salary plus benefits)								
2	Maintenance Engineer	-	-	-	-	55,689	7,686	12,405	-
3	Client Services Analyst	5,185	5,185	-	-	-	-	-	-
4	Water Quality Technician	10,590	10,727	436	459	207	23	46	482
5	Instrumental Control Specialist	9,742	9,742	-	-	-	-	-	-
6	Asset Mgmt & Maintenance Superintendent	2,021	2,021	-	-	-	-	-	-
7	Operator 1 - PVUC Only	-	-	3,165	3,212	-	-	-	-
8	Operator 1 - Maricopa PV Split	25,184	2,798	-	-	-	-	-	-
9	Operator 1 - Maricopa PV Split	27,387	3,043	-	-	-	-	-	-
10	Operator 1 - Maricopa SC Split	1,777	15,995	-	-	-	-	-	-
11	Total O&M 2019 Vacancies	81,885	49,512	3,602	3,671	55,896	7,709	12,451	482
12									
13	O&M New Positions 2020 (Salary plus benefits)								
14	West Valley OPS	-	-	-	-	46,690	6,444	10,401	-
15	West Valley OPS on call	-	-	-	-	4,101	566	913	-
16	Env Compliance Supervisor	59,888	60,668	2,468	2,598	1,169	130	260	2,728
17	EMMT I	36,099	36,099	-	-	-	-	-	-
18	Total O&M New Positions 2020	95,988	96,767	2,468	2,598	51,960	7,140	11,574	2,728
19									
20	G&A 2019 Vacancies (Salary plus Benefits)								
21	Development Services Project Manager	32,302	32,723	1,331	1,401	631	70	140	1,471
22	Regulatory Accountant	24,227	24,542	998	1,051	473	53	105	1,104
23	Safety and Programs Coordinator	19,568	19,822	806	849	382	42	85	891
24	Total G&A 2019 Vacancies	76,097	77,087	3,136	3,301	1,486	165	330	3,466
25									
26	G&A New Positions 2020 (Salary plus Benefits)								
27	Engineer	18,574	18,816	766	806	363	40	81	846
28	Director of IT	99,835	101,135	4,115	4,331	1,949	217	433	4,548
29	Water Resources Support Specialist	30,943	31,346	1,275	1,342	604	67	134	1,410
30	Total G&A New Positions 2020	149,352	151,296	6,156	6,479	2,916	324	648	6,803
31									
32	Total Adjustment to Salaries and Wages 601	403,322	374,662	15,362	16,050	112,257	15,338	25,003	13,480

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.7

Income Statement Adjustment 7**Employee Bonus and Options**

LINE

NO.

1	Salaries and Wages Expense Adjustment to Remove 50% of Bonus Expense	
2	and Options Expense for CEO and CFO	
3	701 Salaries and Wages	3,175,878
4		
5	Bonus Expense Excluded	(60,270)
6		
7	Deferred Comp excluded	(176,466)
8		
9	Employee Options Expense	(161,520)
10	Total Adjustment	(398,256)
11		
12	Adjusted 701 Salaries and Wages	2,777,622

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Income Statement Adjustment 8
 Impact of FATHOM Contract Cancellation

Schedule C-2.8

Line

Number

1

2

3

4

5

6

7

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17

	Palo Verde	Red Rock Sewer	Santa Cruz	Red Rock Water	Turner Ranches	North Scottsdale	Greater Tonopah	Eagletail
2019 actual move out of Contract Services -Management Fees	(856,672)	(26,085)	(726,438)	(31,928)	-	(6,397)	(25,957)	(4,105)
Moves into								
2020 Budgeted O&M Expenses (636 and 736)	452,546	18,652	458,436	19,633	20,615	1,963	8,835	982
2020 Budgeted G&A Expenses - Bank Fees (675 and 775)	19,362	798	19,614	840	882	84	378	42
2020 Budgeted G&A Expenses - IT Expenses (620.2 and 721)	19,362	797	19,580	839	880	84	377	42
2020 Budgeted O&M personnel Expenses	173,824	7,164	176,086	7,541	7,918	754	3,394	377
2020 Budgeted G&A personnel Expenses	192,336	7,927	194,840	8,344	8,762	834	3,755	417
Adjustment to Salaries and Wages	366,160	15,091	370,925	15,885	16,680	1,589	7,148	794

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.9

Income Statement Adjustment 9

Adjustment to Remove Half Year Convention for deprecation of plant added during test year

Line Number	Account No.	Description	Palo Verde RRS
	351	Organization	-
1	352	Franchises	-
2	353	Land and Land Rights	-
3	354	Structures and Improvements	127,777
4	355	Power Generation Equipment	-
5	360	Collections Wastewater - Force	88
6	361	Collections Wastewater - Gravity	12,708
7	362	Special Collecting Structures	1,425
8	363	Services to Customers	5,241
9	364	Flow Measuring Devices	244
10	365	Flow Measuring Installations	-
11	366	Reuse Services	-
12	367	Reuse Meters & Meter Installations	-
13	370	Receiving Wells	-
14	371	Pumping Equipment	39,133
15	374	Reuse Distribution Reservoirs	244
16	375	Reuse Trans. And Distr. Equipment	454
17	380	Treatment and Disposal Equipment	27,395
18	381	Plant Sewers	1,150
19	382	Outfall Sewer Lines	-
20	389	Other Plant and Misc. Equipment	930
21	390	Office Furniture and Equipment	1,486
22	390.1	Computer & Software	7,883
23	391	Transportation Equipment	20,263
24	392	Stores Equipment	-
25	393	Tools, Shop and Garage Equipment	81
26	394	Laboratory Equipment	236
27	395	Power Operated Equipment	49
28	396	Communication Equipment	-
29	397	Miscellaneous Equipment	788
30	398	Other Tangible Plant	3,940
31		Subtotal	251,514
32			
33		Less: Amortization of CIAC	(18,367)
34			
35		DEPRECIATION EXPENSE	233,147
36			

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2-10

Income Statement Adjustments 10

Remove Customer Assistance Program (CAP) Expense

Line

Number

1		
2		
3	767 Regulatory Commission Expense - Other	34,683
4	Allocated CAP Expense	24,862
5	Adjusted 667 Regulatory Commission Expense - Other	9,821
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		

Class of Expense	Average Cost Per Gallons Sold Per Sch. E-7	Additional K Gallons To Be Sold	Additional Cost From Customer Growth
Pumping	\$ 0.61	29,885	\$ 18,184
Chemicals, Consumables and Supplies	0.22	29,885	6,509
Totals			\$ 24,693

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule C-2.12

Test Year Ended December 31, 2019

Income Statement Adjustment 12

Groves Plant Depreciation Expense Reversal

LINE NO.

1	Account 354 Book	36,308,015
2	Less Groves Transfer to CWIP	(140,824)
3	Less Groves Plant Write Off (Account 354)	(547,207)
4	Account 354 Book Adjusted	35,619,983
5		
6	Reversal of Depreciation Expense	11,467

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule C-2.13

Income Statement Adjustment 13 Depreciation Restatement

Line

No.

1 Adjustment to depreciation expense to account for
 2 assignment of correct service lives.
 3

	NARUC	2019 Depr	Retained	Total Accum
	Account	Adjustment	Earnings Adjustment	Depr Adjust
4	354	(575)	80,736	80,161
5	355	(0)	4,758	4,758
6	360	0	(69,656)	(69,656)
7	361	(0)	(120,659)	(120,659)
8	362	11	(192)	(181)
9	363	0	(8,622)	(8,622)
10	364	66	299	365
11	370	(0)	(1,555)	(1,555)
12	371	824	5,370	6,194
13	374	(6,154)	(70,774)	(76,929)
14	375	(20,189)	(86,891)	(107,079)
15	380	3,162	24,818	27,980
16	381	0	(9,730)	(9,730)
17	382	(0)	887	887
18	389	293	7,200	7,493
19	390.1	(467)	(621)	(1,088)
20	393	(186)	(1,554)	(1,740)
21	394	11	82	93
22	395	(45)	26	(19)
23	396	1,399	(2,780)	(1,382)
24	398	6,340	(22,190)	(15,850)
25	TOTAL	(15,509)	(271,049)	(286,558)
26				
27				
28	Depreciation Expense Book			4,459,099
29				
30	Adjustment 2.13			(15,509)
31				
32	Depreciation Expense Adjusted			4,443,590
33				

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consoli Schedule C-3
 Test Year Ended December 31, 2019 Page 1 of 2
 Adjusted Test Year Income Statement

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	24.8710%
2	Uncollectible Revenue Effective Rate	0.2316%
3	Property Taxes Effective Rate	1.8395%
4	Total Tax Percentage	26.9421%
5		
6	Operating Income % = 100% - Tax Percentage	73.0579%
7		
8		
9		
10		
11	<u>1</u> = Gross Revenue Conversion Factor	
12	Operating Income %	1.368777
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
24	C-3, page 2	A-1
25		

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)																																																																																																																																					
<u>Calculation of Gross Revenue Conversion Factor:</u>																																																																																																																																												
1	Revenue		100.0000%																																																																																																																																									
2	Uncollectible Factor (Line 11)		0.2316%																																																																																																																																									
3	Revenues (L1 - L2)		99.7684%																																																																																																																																									
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)		26.7105%																																																																																																																																									
5	Subtotal (L3 - L4)		73.0579%																																																																																																																																									
6	Revenue Conversion Factor (L1 / L5)		1.368777																																																																																																																																									
<u>Calculation of Uncollectible Factor:</u>																																																																																																																																												
7	Unity		100.0000%																																																																																																																																									
8	Combined Federal and State Tax Rate (L17)		24.8710%																																																																																																																																									
9	One Minus Combined Income Tax Rate (L7 - L8)		75.1290%																																																																																																																																									
10	Uncollectible Rate		0.3083%																																																																																																																																									
11	Uncollectible Factor (L9 * L10)			0.2316%																																																																																																																																								
<u>Calculation of Effective Tax Rate:</u>																																																																																																																																												
12	Operating Income Before Taxes (Arizona Taxable Income)		100.0000%																																																																																																																																									
13	Arizona State Income Tax Rate		4.9000%																																																																																																																																									
14	Federal Taxable Income (L12 - L13)		95.1000%																																																																																																																																									
15	Applicable Federal Income Tax Rate (L55 Col F)		21.0000%																																																																																																																																									
16	Effective Federal Income Tax Rate (L14 x L15)		19.9710%																																																																																																																																									
17	Combined Federal and State Income Tax Rate (L13 +L16)		24.8710%																																																																																																																																									
<u>Calculation of Effective Property Tax Factor</u>																																																																																																																																												
18	Unity		100.0000%																																																																																																																																									
19	Combined Federal and State Income Tax Rate (L17)		24.8710%																																																																																																																																									
20	One Minus Combined Income Tax Rate (L18-L19)		75.1290%																																																																																																																																									
21	Property Tax Factor		2.4485%																																																																																																																																									
22	Effective Property Tax Factor (L20*L21)		1.8395%																																																																																																																																									
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			26.7105%																																																																																																																																								
24	Required Operating Income	\$	6,092,313																																																																																																																																									
25	Adjusted Test Year Operating Income (Loss)	\$	4,658,604																																																																																																																																									
26	Required Increase in Operating Income (L24 - L25)			\$	1,433,710																																																																																																																																							
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$	868,488																																																																																																																																									
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$	393,868																																																																																																																																									
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)			\$	474,621																																																																																																																																							
30	Recommended Revenue Requirement	\$	22,285,380																																																																																																																																									
31	Uncollectible Rate (Line 10)		0.3083%																																																																																																																																									
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$	68,699																																																																																																																																									
33	Adjusted Test Year Uncollectible Expense	\$	-																																																																																																																																									
34	Required Increase in Revenue to Provide for Uncollectible Exp.			\$	68,699																																																																																																																																							
35	Property Tax with Recommended Revenue	\$	98,833																																																																																																																																									
36	Property Tax on Test Year Revenue	\$	98,833																																																																																																																																									
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)			\$	-																																																																																																																																							
38	Total Required Increase in Revenue (L26 + L29 + L37)			\$	1,977,029																																																																																																																																							
<table><tr><td></td><td>(A)</td><td>(B)</td><td>(C)</td><td>(D)</td><td>(E)</td><td>(F)</td></tr><tr><td></td><td colspan="3">Test Year</td><td colspan="3">Company Recommended</td></tr><tr><td></td><td>Total</td><td></td><td>Water</td><td>Total</td><td></td><td>Water</td></tr><tr><td>39</td><td>Revenue</td><td>\$</td><td>20,322,951</td><td>\$</td><td>22,285,380</td><td>22,285,380</td></tr><tr><td>40</td><td>Operating Expenses Excluding Income Taxes</td><td></td><td>15,270,460</td><td></td><td>15,324,578</td><td>15,324,578</td></tr><tr><td>41</td><td>Synchronized Interest (L47)</td><td></td><td>3,468,830</td><td></td><td>3,468,830</td><td>3,468,830</td></tr><tr><td>42</td><td>Arizona Taxable Income (L39 - L40 - L41)</td><td>\$</td><td>1,583,642</td><td>\$</td><td>3,491,973</td><td>3,491,972</td></tr><tr><td>43</td><td>Arizona State Effective Income Tax Rate</td><td></td><td>4.9000%</td><td></td><td>4.9000%</td><td>4.9000%</td></tr><tr><td>44</td><td>Arizona Income Tax (L42 x L43)</td><td>\$</td><td>77,598</td><td>\$</td><td>171,107</td><td>171,107</td></tr><tr><td>45</td><td>Federal Taxable Income (L42- L44)</td><td>\$</td><td>1,506,043</td><td>\$</td><td>3,320,866</td><td>3,320,865</td></tr><tr><td>46</td><td>Federal Tax Rate</td><td></td><td>21.0000%</td><td></td><td>21.00%</td><td>21.00%</td></tr><tr><td>47</td><td>Federal Income Taxes</td><td>\$</td><td>316,269</td><td>\$</td><td>697,382</td><td>697,382</td></tr><tr><td>48</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>49</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>50</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>51</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>52</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>53</td><td>Total Federal Income Tax</td><td>\$</td><td>316,269</td><td>\$</td><td>697,382</td><td>697,382</td></tr><tr><td>54</td><td>Combined Federal and State Income Tax (L35 + L42)</td><td>\$</td><td>393,868</td><td>\$</td><td>868,489</td><td>868,488</td></tr></table>									(A)	(B)	(C)	(D)	(E)	(F)		Test Year			Company Recommended				Total		Water	Total		Water	39	Revenue	\$	20,322,951	\$	22,285,380	22,285,380	40	Operating Expenses Excluding Income Taxes		15,270,460		15,324,578	15,324,578	41	Synchronized Interest (L47)		3,468,830		3,468,830	3,468,830	42	Arizona Taxable Income (L39 - L40 - L41)	\$	1,583,642	\$	3,491,973	3,491,972	43	Arizona State Effective Income Tax Rate		4.9000%		4.9000%	4.9000%	44	Arizona Income Tax (L42 x L43)	\$	77,598	\$	171,107	171,107	45	Federal Taxable Income (L42- L44)	\$	1,506,043	\$	3,320,866	3,320,865	46	Federal Tax Rate		21.0000%		21.00%	21.00%	47	Federal Income Taxes	\$	316,269	\$	697,382	697,382	48							49							50							51							52							53	Total Federal Income Tax	\$	316,269	\$	697,382	697,382	54	Combined Federal and State Income Tax (L35 + L42)	\$	393,868	\$	868,489	868,488
	(A)	(B)	(C)	(D)	(E)	(F)																																																																																																																																						
	Test Year			Company Recommended																																																																																																																																								
	Total		Water	Total		Water																																																																																																																																						
39	Revenue	\$	20,322,951	\$	22,285,380	22,285,380																																																																																																																																						
40	Operating Expenses Excluding Income Taxes		15,270,460		15,324,578	15,324,578																																																																																																																																						
41	Synchronized Interest (L47)		3,468,830		3,468,830	3,468,830																																																																																																																																						
42	Arizona Taxable Income (L39 - L40 - L41)	\$	1,583,642	\$	3,491,973	3,491,972																																																																																																																																						
43	Arizona State Effective Income Tax Rate		4.9000%		4.9000%	4.9000%																																																																																																																																						
44	Arizona Income Tax (L42 x L43)	\$	77,598	\$	171,107	171,107																																																																																																																																						
45	Federal Taxable Income (L42- L44)	\$	1,506,043	\$	3,320,866	3,320,865																																																																																																																																						
46	Federal Tax Rate		21.0000%		21.00%	21.00%																																																																																																																																						
47	Federal Income Taxes	\$	316,269	\$	697,382	697,382																																																																																																																																						
48																																																																																																																																												
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52																																																																																																																																												
53	Total Federal Income Tax	\$	316,269	\$	697,382	697,382																																																																																																																																						
54	Combined Federal and State Income Tax (L35 + L42)	\$	393,868	\$	868,489	868,488																																																																																																																																						
55	<u>COMBINED</u> Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]				21.0000%																																																																																																																																							
56					0.0000%																																																																																																																																							
57	<u>WATER</u> Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]				21.0000%																																																																																																																																							
<u>Calculation of Interest Synchronization:</u>																																																																																																																																												
58	Rate Base		Water																																																																																																																																									
59	Weighted Average Cost of Debt		\$ 72,207,655																																																																																																																																									
60	Synchronized Interest (L59 X L60)		4.80%																																																																																																																																									
			\$ 3,468,830																																																																																																																																									

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Summary Cost of Capital

Schedule D-1

Page 1 of 2

Line No.	Description	End of Test Year - Actual			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Return
1					
2	Short-Term Debt	\$ -	0.00%	0.00%	0.00%
3					
4	Long-Term Debt	-	0.00%	0.00%	0.00%
5					
6	Common Equity	83,329,384	100.00%	5.59%	5.59%
7					
8	Totals	<u>\$ 83,329,384</u>	<u>100.00%</u>		<u>5.59%</u>

Line No.	Description	End of Test Year - Proposed				End of Projected Year - Proposed Rates			
		Dollar Amount	Percent of Total	Rate of Return	Weighted Cost	Dollar Amount	Percent of Total	Rate of Return	Weighted Cost
11									
12									
13									
14									
15	Short-Term Debt	\$ -	0.00%	0.00%	0.00%	\$ -	0.00%	0.00%	0.00%
16									
17	Long-Term Debt	45,934,380	35.54%	4.80%	1.71%	45,934,380	35.54%	4.80%	1.71%
18									
19	Common Equity	83,329,384	64.46%	10.44%	6.73%	83,329,384	64.46%	10.44%	6.73%
20									
21	Totals	<u>\$ 129,263,764</u>	<u>100.00%</u>		<u>8.44%</u>	<u>\$ 129,263,764</u>	<u>100.00%</u>		<u>8.44%</u>

22
 23 Supporting Schedules
 24 D-2, D-3, D-4, E-1

Recap Schedules
 A-3

25
 26

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

GWRS Long Term Debt Allocation to Utilities

Schedule D-1

Page 2 of 2

Line

No.

1	
2	Total Global Water Resources, Inc. Long Term Debt
3	115,000,000
4	
5	Allocation to Palo Verde and Santa Cruz
6	

			Less Southwest Plant Debt	Adjusted Debt
7	Palo Verde	58,506,779	14,882,256	43,624,523
8	Santa Cruz	47,850,221	17,939,817	29,910,404
9		106,357,000		

10

11	Amount Allocated to other utilities	8,643,000
----	--	-----------

12

Allocation based on 2019 Customer Counts

	Company	Customer Count	Allocation%	
15	North Scottsdale	92	2.8%	240,665
16	Tonopah	413	12.5%	1,080,375
17	Eagletail	57	1.7%	149,107
18	Turner Ranches	963	29.1%	2,519,131
19	Red Rock Sewer	883	26.7%	2,309,857
20	Red Rock Water	896	27.1%	2,343,864
21	Total	3,304	100.0%	8,643,000

22

23

24

25

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Cost of Debt

Schedule D-2
Page 1 of 2

Line No.		End of Test Year - Actual			
		Amount	Interest		
		Outstanding	Rate		
1					
2					
3					
4	Long-Term Debt	-	N/A		
5					
6	Short-Term Debt	-	N/A		
7					
8					
9					
10					
11		End of Test Year - Proposed		End of Projected Year - Proposed Rates	
12		Amount	Interest	Amount	Interest
13		Outstanding (*)	Rate	Outstanding	Rate
14	Long-Term Debt	45,934,380	4.80%	45,934,380	4.80%
15					
16	Short-Term Debt	-	N/A	-	N/A
17					
18					
19					
20					
21					
22					
23					
24					

[illegible]

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule D-3

Cost of Preferred Stock

Line

No.

1 Schedule D-3 is not applicable as there is no preferred stock issued or
2 outstanding in any of the utilities involved in this rate case.

3

4

5

6

7

8

9

10

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Comparative Balance Sheets

Schedule E-1

Line No.		Test Year Ended 12/31/2019
1	<u>Assets</u>	
2		
3	Account No. Current and Accrued Assets	
4	131 Cash	-
5	132 Special Deposits	-
6	133 Other Special Deposits	941,329
7	134 Working Funds	-
8	135 Temporary Cash Investments	-
9	141 Customer Accounts Receivable	926,116
10	142 Other Accounts Receivable	1,301
11	143 Accumulated Provision for Uncollectable Accounts	(41,451)
12	146 Notes Receivable from Associated Companies	526,980
13	151 Plant Material and Supplies	-
14	162 Prepayments	13,965
15	173 Accrued Utility Revenue	1,210,247
16	174 Miscellaneous Current and Accrued Assets	-
17	Total Current Assets	3,578,487
18		
19	Fixed Assets	
20	101 Utility Plant in Service*	156,011,557
21	103 Property Held for Future Use	-
22	105 Construction Work in Progress	16,582,676
23	108 Accumulated Depreciation	(46,376,502)
24	121 Non-Utility Property	-
25	122 Accumulated Depreciation - Non Utility	-
26	Total Fixed Assets	126,217,731
27		
28	Other Fixed Assets	
29	114 Utility Plant Acquisition Adjustment	916,207
30	Total Other Fixed Assets	916,207
31		
32	Deferred Debits	
33	190 Accumulated Deferred Income Taxes	134,252
34	Total Deferred Debits	134,252
35		
36	Total Assets	\$ 130,712,426
37		
38	<u>Liabilities and Stockholders' Equity</u>	
39		
40	231 Accounts Payable	292,000
41	232 Notes Payable (Current Portion)	-
42	234 Notes Payable to Associated Companies	-
43	235 Customer Deposits	677,530
44	236 Accrued Taxes	620,746
45	237 Accrued Interest	120,998
46	241 Miscellaneous Current and Accrued Liabilities	955,039
47	253 Other Deferred Credits	-
48	Total Current Liabilities	2,666,312
49		
50	252 Advances in Aid of Construction	29,653,990
51	253 Other Deferred Credits	933,084
52	255 Accumulated Deferred Investment Tax Credits	-
53	271 Contributions in Aid of Construction	8,197,080
54	272 Less: Amortization of Contributions	(502,886)
55	281 Accumulated Deferred Income Tax	6,569,714
56	Total Deferred Credits	44,850,982
57		
58	Total Liabilities and Deferred Credits	\$ 47,517,294
59		
60	201 Common Stock Issued	20
61	211 Other Paid-In Capital	58,108,681
62	215 Retained Earnings	25,220,683
63		
64	Total Members' Equity	\$ 83,329,384
65		
66	Total Liabilities and Stockholders' Equity	\$ 130,846,678
67		
68	Supporting Schedules	Recap Schedule

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule E-2

Comparative Income Statements

Line No.	Test Year Ended 12/31/2019
Operating Revenue	
521 Flat Rate Revenues	17,968,549
522 Measured Revenues	921,804
534 Rents from Wastewater Property	63,911
536 Other Wastewater Revenues	373,423
Total Revenues	19,327,687
Operating Expenses	
701 Salaries and Wages	3,175,878
704 Employee Pensions and Benefits	431,921
710 Purchased Wastewater Treatment	-
711 Sludge Removal Expense	24,876
715 Purchased Power	725,867
716 Fuel for Power Production	-
718 Chemicals	244,940
720 Materials and Supplies	55,618
720.1 Repairs and Maintenance	169,575
720.2 Office Supplies and Expense	-
721 Office Expense	130,368
731 Contractual Services -Engineering	-
732 Contractual Services - Accounting	347,231
733 Contractual Services - Legal	249,955
734 Contractual Services - Management Fees	882,758
735 Contractual Services - Testing	48,421
736 Contractual Services - Other	281,990
740 Rents - Building	85,165
Intentionally Left Blank	
742 Rents - Equipment	29,939
750 Transportation Expenses	108,937
756 Insurance - Vehicle	-
757 Insurance - General Liability	208,213
758 Insurance - Worker's Compensation	44,541
759 Insurance - Other	-
760 Advertising Expense	13,988
766 Regulatory Commission Expense - Rate Case	-
767 Regulatory Commission Expense - Other	34,683
770 Bad Debt Expense	59,581
775 Miscellaneous Expense	1,323,352
403 Depreciation Expense	4,459,099
408 Taxes Other Than Income	98,833
408.11 Property Taxes	1,219,728
408.12 Payroll Taxes	186,060
408.13 Other Taxes and Licenses	2,714
409 Income Taxes	2,397,589
Total Operating Expenses	17,041,820
Operating Income / (Loss)	2,285,868
Other Income / (Expense)	
414 Gain/Loss on Dispositions	(736)
419 Interest and Dividend Income	2,755
421 Non-Utility Income	(7,155)
426 Miscellaneous Non-Utility (Expense)	(898)
427 Interest (Expense)	(59,330)
Total Other Income / (Expense)	(65,364)
Net Income / (Loss)	2,220,503

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Comparative Statement of Changes in Financial Position

Schedule E-3

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Operating Activities			
3	Net income (loss)	\$ 2,220,503	NA	NA
4	Adjustment to reconcile net income (loss)			
5	Deferred compensation	-	NA	NA
6	Depreciation	4,459,098	NA	NA
7	Amortization	-	NA	NA
8	Amortization of deferred debt issuance costs and discou	-	NA	NA
9	Write-off of debt issuance costs	-	NA	NA
10	Gain on sale of 303 contracts	-	NA	NA
11	(Gain) Loss on Equity Investment	-	NA	NA
12	Other gains and losses	-	NA	NA
13	(Gain) Loss on disposal of fixed assets	736	NA	NA
14	Loss on Sale of Willow Valley	-	NA	NA
15	Provision for doubtful accounts receivable	55,316	NA	NA
16	Deferred income tax (benefit) expense	2,343,495	NA	NA
17	Accounts receivables	(153,520)	NA	NA
18	Other Receivables	108,559	NA	NA
19	Accrued revenue	(46,900)	NA	NA
20	Infrastructure coordination and financing fee receivable	-	NA	NA
21	Income taxes receivable	-	NA	NA
22	Other current assets	37,965	NA	NA
23	Accounts payable and other current liabilities	391,051	NA	NA
24	Other noncurrent assets	(4,499,316)	NA	NA
25	Other noncurrent liabilities	-	NA	NA
26	Deferred revenue and prepaid ICFA fees	-	NA	NA
27	Net cash (used) provided by operating activities	4,916,987	NA	NA
28				
29	Investing Activities			
30	Capital expenditures	(4,491,001)	NA	NA
31	Proceeds from the sale of Willow Valley	-	NA	NA
32	Proceeds from sale of fixed and intangible assets	-	NA	NA
33	(Deposits) withdrawals of restricted cash	(381,259)	NA	NA
34	Deposits	-	NA	NA
35	Advance in aid of construction release	-	NA	NA
36	Net cash used in investing activities	(4,872,260)	NA	NA
37				
38	Financing Activities			
39	Proceeds from bond	-	NA	NA
40	Deposits in bond service fund	-	NA	NA
41	Proceeds withdrawn from bond service fund	-	NA	NA
42	Repayments of bond debt	-	NA	NA
43	(Deposit into)/ redemption from escrow for debt servic	-	NA	NA
44	Loan borrowings	-	NA	NA
45	Loan repayments	-	NA	NA
46	Principal payments under capital lease	-	NA	NA
47	Payment of Sonoran acquisition liability	-	NA	NA
48	Acquisition of utilities, deferred acquisition payments	-	NA	NA
49	Financing costs paid	-	NA	NA
50	Debt issuance costs paid	-	NA	NA
51	Advances in aid of construction	265,876	NA	NA
52	Dividends Paid	-	NA	NA
53	Proceeds from sale of stock	-	NA	NA
54	Contributions in aid of construction under ICFA agreem	-	NA	NA
55	Payments of offering costs for sale of stock	-	NA	NA
56	Refunds of advances for construction	(310,580)	NA	NA
57	Net cash (used) provided by financing activities	(44,704)	NA	NA
58	Net change in cash			

Recap Schedule
A-5

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule E-4

Test Year Ended December 31, 2019

Statement of Changes in Stockholders' Equity

Line No.		Common Stock		Additional	Retained	Total
		Shares	Amount	Paid-In-Capital	Earnings	
1						
2	Balance - December 31, 2016	-	\$ -	NA	NA	NA
3						
4	Net Income					
5						
6	Dividends Paid				-	-
7						
8	Other/Reclass				-	-
9						
10	Balance - December 31, 2017	-	\$ -	NA	NA	NA
11						
12	Net Income					
13						
14	Dividends Paid				-	-
15						
16	Other/Reclass					
17						
18	Balance - December 31, 2018	-	\$ -	NA	NA	NA
19						
20	Net Income					-
21						
22	Dividends Paid				-	-
23						
24	Other/Reclass				-	-
25						
26	Balance - December 31, 2019	1,000	\$ 10	\$ 58,108,681	\$ 25,220,683	\$ 83,329,374
27	check		20	58,108,681	25,220,683	83,329,384
28						
29						

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule E-5

Test Year Ended December 31, 2019

Detail Plant in Service

Line No.		End of Prior Year 12/31/2018	Net Additions	End of Test Year 12/31/2019
1	Utility Plant in Service			
2	351 Organization	\$ 11,982,22	\$ -	\$ 11,982,22
3	352 Franchises	59,751	-	59,751
4	353 Land and Land Rights	205,929	75,162	281,091
5	354 Structures and Improvements	31,724,994	7,666,613	39,391,607
6	355 Power Generation Equipment	1,362,303	-	1,362,303
7	360 Collections Wastewater - Force	5,162,589	8,788	5,171,377
8	361 Collections Wastewater - Gravity	56,499,661	1,264,542	57,764,202
9	362 Special Collecting Structures	552,632	142,500	695,132
10	363 Services to Customers	5,440,953	524,072	5,965,025
11	364 Flow Measuring Devices	58,628	801	59,429
12	365 Flow Measuring Installations	-	-	-
13	366 Reuse Services	32,602	12,770	45,372
14	367 Reuse Meters & Meter Installations	-	-	-
15	370 Receiving Wells	1,183,361	-	1,183,361
16	371 Pumping Equipment	5,386,805	360,140	5,746,945
17	374 Reuse Distribution Reservoirs	1,643,919	13,452	1,657,371
18	375 Reuse Trans. And Distr. Equipment	15,229,942	(55,064)	15,174,878
19	380 Treatment and Disposal Equipment	14,455,580	1,007,203	15,462,782
20	381 Plant Sewers	743,694	46,009	789,702
21	382 Outfall Sewer Lines	353,645	-	353,645
22	389 Other Plant and Misc. Equipment	2,424,936	20,100	2,445,036
23	390 Office Furniture and Equipment	44,869	71,003	115,872
24	390.1 Computer & Software	28,683	341,334	370,017
25	391 Transportation Equipment	372,126	209,041	581,168
26	392 Stores Equipment	-	-	-
27	393 Tools, Shop and Garage Equipment	192,474	3,248	195,721
28	394 Laboratory Equipment	18,915	4,727	23,642
29	395 Power Operated Equipment	187,809	(1,626)	186,183
30	396 Communication Equipment	78,122	2,387	80,508
31	397 Miscellaneous Equipment	582,120	15,765	597,885
32	398 Other Tangible Plant	163,414	76,157	239,571
33				
34				
35				
36	Total Utility Plant in Service	\$ 144,202,434	\$ 11,809,123	\$ 156,011,557
37				
38	107 Construction Work in Progress	\$ 15,988,335	594,341	\$ 16,582,676
39				
40	Total Plant	\$ 160,190,769	12,403,464	\$ 172,594,233
41				
42	Total Accum. Depreciation	\$ (41,399,878)	(4,976,624)	\$ (46,376,502)
43				
44	Total Net Plant	\$ 118,790,891	\$ 7,426,840	\$ 126,217,731

Recap Schedules
E-1 and A-4

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule E-6

Test Year Ended December 31, 2019

Comparative Departmental Statements of Operating Income

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1	Operating Revenues			
2	Residential	\$ 17,559,143	NA	NA
3	Commercial	899,039	NA	NA
4	Recycled	961,692	NA	NA
5				
6	Total Water Sales	\$ 19,419,874	NA	NA
7				
8	Adjustments	\$ (529,521)		
9				
10	Miscellaneous	437,334	NA	NA
11				
12	Total Operating Revenues	\$ 19,327,687	NA	NA
13				
14	OPERATING EXPENSES:			
15	Operating Expenses (less tax and depreciation)	\$ 8,962,689	NA	NA
16				
17	Depreciation	\$ 4,459,099	NA	NA
18				
19	TAXES			
20	Income Taxes	\$ 2,397,589	NA	NA
21	Property taxes	1,219,728	NA	NA
22	Other Taxes and Licenses	2,714	NA	NA
23				
24				
25	TOTAL TAXES	\$ 3,620,031	NA	NA
26				
27	Total Operating Expenses	\$ 17,041,820	NA	NA
28				
29	Operating Income/(Loss)	\$ 2,285,868	NA	NA
30				Recap Schedule
31				E-2

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule E-7

Test Year Ended December 31, 2019

Operating Statistics

Line No.	Wastewater Statistics	Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Total Gallons Treated (in thousands)	1,124,611	NA	NA
3				
4	Wastewater Revenues from Customers	1,124,611	NA	NA
5				
6	Year End Number of Customers	1,124,611	NA	NA
7				
8	Annual Gallons (in Thousands)			
9	Treated Per Year End Customer	1.00	NA	NA
10				
11	Annual Revenue Per Year End Customer	\$ 1	NA	NA
12				
13	Pumping Costs per Year End Customer	\$ 31.28	NA	NA
14				
15	Pumping Cos per 1,000 Gallons	\$ 0.61	NA	NA
16				
17	Treatment Costs per 1,000 Gallons	\$ 0.22	NA	NA
18				
19				
20				
21				
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32				

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Schedule E-8

Taxes Charged to Operations

Line No.		Test Year Ended 12/31/2019	Prior Year Ended 12/31/2018	Prior Year Ended 12/31/2017
1				
2	Federal Taxes			
3	Income	\$ 2,329,744	\$ 2,199,030	\$ 1,348,643
4	FICA (Employer's) *	\$ 183,691	\$ 161,452	\$ 147,451
5	Unemployment *	\$ 1,628	\$ 1,295	\$ 1,220
6	Total Federal Taxes	\$ 2,515,063	\$ 2,361,777	\$ 1,497,314
7				
8				
9	State Taxes			
10	Income			
11	Property	\$ 609,224	\$ 550,681	\$ 546,064
12	Other	\$ 91,305	\$ 103,719	\$ 104,258
13	Unemployment *	\$ 742	\$ 5,852	\$ 8,517
14	Total State Taxes	\$ 769,116	\$ 660,276	\$ 658,839
15				
16				
17	Total Taxes to Operations	<u>\$ 3,284,178</u>	<u>\$ 3,022,053</u>	<u>\$ 2,156,153</u>

* FICA and Unemployment are included with Salaries and Wages on C-1, E-2 and E-6.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Notes to Financial Statements

Schedule E-9
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Line
No.

Following are the significant accounting policies for Global Water. Please note that some of these accounting policies may only be applicable to the parent company, GWRI.

Basis of Presentation and Principles of Consolidation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The Company prepares its financial statements in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

The Company qualifies as an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), under the rules and regulations of the SEC. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. The Company has elected to take advantage of these provisions for up to five years or such earlier time that the Company is no longer an emerging growth company. The Company has elected to take advantage of some of the reduced disclosure obligations regarding financial statements. Also, as an emerging growth company, the Company can elect to delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has chosen to take advantage of this extended accounting transition provision.

Significant Accounting Policies

Regulation

Our regulated utilities and certain other balances are subject to regulation by the ACC and are therefore subject to Accounting Standards Codification Topic 980, *Regulated Operations* ("ASC 980").

Property, plant, and equipment

Property, plant, and equipment is stated at cost less accumulated depreciation provided on a straight-line.

Depreciation rates for asset classes of utility property, plant, and equipment are established by the ACC. The cost of additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant, and equipment. When units of utility property are replaced, renewed, or retired, their cost plus removal or disposal costs, less salvage proceeds, is charged to accumulated depreciation.

For non-utility property, plant, and equipment, depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Cost and accumulated depreciation for non-utility property, plant, and equipment retired or disposed of are removed from the accounts and any resulting gain or loss is included in earnings.

In addition to third party costs, direct personnel costs and indirect construction overhead costs may be capitalized. Interest incurred during the construction period is also capitalized as a component of the cost of the constructed assets, which represents the cost of debt associated with construction activity. Expenditures for maintenance and repairs are charged to expense.

Revenue Recognition—Water Services

Water services revenues are recorded when service is rendered, or water is delivered to customers. However, in addition to the monthly basic service charge, the determination and billing of water sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each reporting period, amounts of water delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is recorded.

Water connection fees are the fees associated with the application process to set up a customer to receive utility service on an existing water meter. These fees are approved by the ACC through the regulatory process and are set based on the costs incurred to establish services including the application process, billing setup, initial meter reading, and

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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Line
No.

1 service transfer. Because the amounts charged for water connection fees are set by our regulator and not
 2 negotiated in conjunction with the pricing of ongoing water service, the connection fees represent the
 3 culmination of a separate earnings process and are recognized when the service is provided.
 4 Meter installation fees are the fees charged to developers or builders associated with installing new water
 5 meters. Certain fees for meters are regulated by the ACC and are refundable to the end customer over a period
 6 of time. Refundable meter installation fees are recorded as a liability upon receipt. These fees are recognized
 7 as revenue when the service is rendered, or when a water meter is installed.
 8 *Revenue Recognition—Wastewater and Recycled Water Services*
 9 Wastewater service revenues are generally recognized when service is rendered. Wastewater services are
 10 billed at a fixed monthly amount per connection, and recycled water services are billed monthly based on
 11 volumetric fees.
 12 *Revenue Recognition—Unregulated Revenues*
 13 Unregulated Revenues represent those revenues that are not subject to the ratemaking process of the
 14 ACC. Unregulated revenues are limited to rental revenue and imputed revenues resulting from certain
 15 infrastructure coordination and financing agreement arrangements ("ICFAs").
 16 *Allowance for Doubtful Accounts*
 17 Provisions are made for doubtful accounts due to the inherent uncertainty around the collectability of accounts
 18 receivable. The allowance for doubtful accounts is recorded as bad debt expense, and is classified as general
 19 and administrative expense. The allowance for doubtful accounts is determined considering the age of the
 20 receivable balance, type of customer (e.g., residential or commercial), payment history, as well as specific
 21 identification of any known or expected collectability issues.
 22 *Cash and Cash Equivalents*
 23 Cash and cash equivalents include all highly liquid investments in debt instruments with an original maturity of
 24 three months or less.
 25 *Restricted Cash*
 26 Restricted cash represents cash deposited relating to HUF tariffs, asset retirement obligations and pending
 27 legal matters. *Income Taxes*
 28 The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and
 29 liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable
 30 to differences between the financial statement carrying amounts of existing assets and liabilities and their
 31 respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply
 32 to taxable income in the years in which those temporary differences are expected to be recovered or settled.
 33 Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely
 34 than not that some portion or all of the deferred tax assets will not be realized.
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Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Notes to Financial Statements

Schedule E-9

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Line
No.

We evaluate uncertain tax positions using a two-step approach. Recognition (step one) occurs when we conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when we subsequently determine that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited, and to the extent that uncertain tax positions exist, we provide expanded disclosures.

Goodwill

Goodwill represents the excess purchase price over the fair value of net tangible and identifiable intangible assets acquired through acquisitions. Goodwill is not amortized, it is instead tested for impairment annually, or more often, if circumstances indicate a possible impairment may exist. As required, we evaluate goodwill for impairment annually, and do so as of November 1 of each year, and at an interim date if indications of impairment exist. When testing goodwill for impairment, we may assess qualitative factors, including macroeconomic conditions, industry and market considerations, overall financial performance, and entity specific events to determine whether it is more likely than not that the fair value of an operating and reportable segment is less than its carrying amount. We utilize internally developed discounted future cash flow models, third-party appraisals, or broker valuations to determine the fair value of the reporting unit. Under the discounted cash flow approach, we utilize various assumptions requiring judgment, including projected future cash flows, discount rates, and capitalization rates. Our estimated future cash flows are based on historical data, internal estimates, and external sources. We then compare the estimated fair value to the carrying value. If the carrying value is in excess of the fair value, an impairment charge is recorded to asset impairments within our consolidated statement of operations in the amount by which the reporting unit's carrying value exceeds its fair value, limited to the carrying value of goodwill.

Intangible Assets

Intangible assets not subject to amortization consist of certain permits expected to be renewable indefinitely, water rights and certain service areas acquired in transactions which did not meet the definition of business combinations for accounting purposes, and are considered to have indefinite lives. Intangible assets with indefinite lives are not amortized but are tested for impairment annually, or more often if certain circumstances indicate a possible impairment may exist. Amortized intangible assets consist primarily of acquired ICFA contract rights.

Debt Issuance Costs

In connection with the issuance of some of our long-term debt, we have incurred legal and other costs that we believe are directly attributable to realizing the proceeds of the debt issued. These costs are netted against long-term debt and amortized as interest expense using the effective interest method over the term of the respective debt.

Impairment of Long-Lived Assets

Management evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If an indicator of possible impairment exists, an undiscounted cash flow analysis would be prepared to determine whether there is an actual impairment. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using appraisals or valuation techniques such as the present value of expected future cash flows.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Notes to Financial Statements

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58*Advances and Contributions in Aid of Construction*

The Company has various agreements with developers and builders, whereby funds, water line extensions, or wastewater line extensions are provided to us by the developers and are considered refundable advances for construction. These AIAC are non-interest-bearing and are subject to refund to the developers through annual payments that are computed as a percentage of the total annual gross revenue earned from customers connected to utility services constructed under the agreement over a specified period. Upon the expiration of the agreements' refunding period, the remaining balance of the advance becomes nonrefundable and at that time is considered CIAC. CIAC are amortized as a reduction of depreciation expense over the estimated remaining life of the related utility plant. For rate-making purposes, utility plant funded by AIAC or CIAC are generally excluded from rate base.

Fair Value of Financial Instruments

The carrying values of cash equivalents, trade receivables, and accounts payable approximate fair value due to the short-term maturities of these instruments. Portions of these non-interest-bearing instruments are payable annually through 2032 and amounts not paid by the contract expiration dates become nonrefundable. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. However, the fair value of these amounts would be less than their carrying value due to the non-interest-bearing feature.

Segments

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. In consideration of ASC 280—*Segment Reporting* the Company notes it is not organized around specific products and services, geographic regions, or regulatory environments. The Company currently operates in one geographic region within the State of Arizona, wherein each operating utility operates within the same regulatory environment. While the Company reports its revenue, disaggregated by service type, on the face of its Statements of Operations, the Company does not manage the business based on any performance measure at the individual revenue stream level. The Company does not have any customers that contribute more than 10% to the Company's revenues or revenue streams. Additionally, we note that the CODM uses consolidated financial information to evaluate the Company's performance, which is the same basis on which he communicates the Company's results and performance to the Board of Directors. It is upon this consolidated basis from which he bases all significant decisions regarding the allocation of the Company's resources on a consolidated level. Based on the information described above and in accordance with the applicable literature, management has concluded that the Company is currently organized and operated as one operating and reportable segment.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Projected Income Statements - Present and Proposed

Schedule F-1

Line No.		Test Year Actual 12/31/2019	Present Rates Year Ended 12/31/2020	Adjustments	Proposed Rates Year Ended 12/31/2020
1	Operating Revenues	\$ 19,327,687	\$ 20,322,951	\$ 1,962,429	\$ 22,285,380
2					
3	701 Salaries and Wages	3,175,878	3,577,556	-	3,577,556
4	704 Employee Pensions and Benefits	431,921	431,921	-	431,921
5	710 Purchased Wastewater Treatment	-	-	-	-
6	711 Sludge Removal Expense	24,876	24,876	-	24,876
7	715 Purchased Power	725,867	744,051	-	744,051
8	716 Fuel for Power Production	-	-	-	-
9	718 Chemicals	244,940	251,449	-	251,449
10	720 Materials and Supplies	55,618	55,618	-	55,618
11	720 Repairs and Maintenance	169,575	169,575	-	169,575
12	720 Office Supplies and Expense	-	-	-	-
13	721 Office Expense	130,368	150,526	-	150,526
14	731 Contractual Services -Engineering	-	-	-	-
15	732 Contractual Services -Accounting	347,231	347,231	-	347,231
16	733 Contractual Services - Legal	249,955	249,955	-	249,955
17	734 Contractual Services - Management Fees	882,758	-	-	-
18	735 Contractual Services - Testing	48,421	48,421	-	48,421
19	736 Contractual Services - Other	281,990	753,188	-	753,188
20	740 Rents - Building	85,165	85,165	-	85,165
21	0 Intentionally Left Blank	-	-	-	-
22	742 Rents - Equipment	29,939	29,939	-	29,939
23	750 Transportation Expenses	108,937	108,937	-	108,937
24	756 Insurance - Vehicle	-	-	-	-
25	757 Insurance - General Liability	208,213	208,213	-	208,213
26	758 Insurance - Worker's Compensation	44,541	44,541	-	44,541
27	759 Insurance - Other	-	-	-	-
28	760 Advertising Expense	13,988	13,988	-	13,988
29	766 Regulatory Commission Expense - Rate Case	-	-	-	-
30	767 Regulatory Commission Expense - Other	34,683	9,821	-	9,821
31	770 Bad Debt Expense	59,581	62,649	6,050	68,699
32	775 Miscellaneous Expense	1,323,352	1,343,512	-	1,343,512
33	403 Depreciation Expense	4,459,099	4,730,565	-	4,730,565
34	408 Taxes Other Than Income	98,833	98,833	-	98,833
35	408 Property Taxes	1,219,728	1,541,176	48,049	1,589,225
36	408 Payroll Taxes	186,060	186,060	-	186,060
37	408 Other Taxes and Licenses	2,714	2,714	-	2,714
38	409 Income Taxes	2,397,589	393,868	474,621	868,489
39	Total Operating Expenses	17,041,820	15,664,347		16,193,067
40					
41	Operating Income / (Loss)	2,285,868	4,658,604		6,092,313
42					
43	OTHER INCOME / (EXPENSE)				
44	414 Gain/Loss on Dispositions	-735.97	(736)	-	(736)
45	419 Interest and Dividend Income	2,755	2,755	-	2,755
46	421 Non-Utility Income	(7,155)	(7,155)	-	(7,155)
47	426 Miscellaneous Non-Utility (Expense)	(898)	(898)	-	(898)
48	427 Interest (Expense)	(59,330)	(59,330)	-	(59,330)
49	Total Other Income / (Expense)	(65,364)	(65,364)	-	(65,364)
50					
51	NET INCOME / (LOSS)	\$ 2,220,503	\$ 4,593,240	\$ -	\$ 6,026,949
52					

Supporting Schedule
E-2

Recap Schedule
A-2

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule F-2

Test Year Ended December 31, 2019

Projected Statements of Changes in Financial Position

Present and Proposed Rates

Line No.	Test Year 12/31/2019	Projected Year	
		Present Rates 12/31/2020	Proposed Rates 12/31/2020
1	Operating Activities		
2	Net income (loss)	\$ 2,220,503	\$ 4,593,240
3	Adjustment to reconcile net income (loss)		
4	Deferred compensation	-	-
5	Depreciation	4,459,098	4,730,565
6	Amortization	-	-
7	Amortization of deferred debt issuance costs and discounts	-	-
8	Write-off of debt issuance costs	-	-
9	Gain on sale of 303 contracts	-	-
10	(Gain) Loss on Equity Investment	-	-
11	Other gains and losses	-	-
12	(Gain) Loss on disposal of fixed assets	736	736
13	Loss on Sale of Willow Valley	-	-
14	Provision for doubtful accounts receivable	55,316	55,316
15	Deferred income tax (benefit) expense	2,343,495	2,343,495
16	Accounts receivables	(153,520)	(153,520)
17	Other Receivables	108,559	108,559
18	Accrued revenue	(46,900)	(46,900)
19	Infrastructure coordination and financing fee receivable	-	-
20	Income taxes receivable	-	-
21	Other current assets	37,965	37,965
22	Accounts payable and other current liabilities	391,051	391,051
23	Other noncurrent assets	(4,499,316)	(4,499,316)
24	Other noncurrent liabilities	-	-
25	Deferred revenue and prepaid ICFA fees	-	-
26	Net cash (used) provided by operating activities	4,916,987	8,994,900
27			
28	Investing Activities		
29	Capital expenditures	(4,491,001)	(1,809,879)
30	Proceeds from the sale of Willow Valley	-	-
31	Proceeds from sale of fixed and intangible assets	-	-
32	(Deposits) withdrawals of restricted cash	(381,259)	(381,259)
33	Deposits	-	-
34	Advance in aid of construction release	-	-
35	Net cash used in investing activities	(4,872,260)	(2,191,138)
36			
37	Financing Activities		
38	Proceeds from bond	-	-
39	Deposits in bond service fund	-	-
40	Proceeds withdrawn from bond service fund	-	-
41	Repayments of bond debt	-	-
42	(Deposit into)/ redemption from escrow for debt service	-	-
43	Loan borrowings	-	-
44	Loan repayments	-	-
45	Principal payments under capital lease	-	-
46	Payment of Sonoran acquisition liability	-	-
47	Acquisition of utilities, deferred acquisition payments	-	-
48	Financing costs paid	-	-
49	Debt issuance costs paid	-	-
50	Advances in aid of construction	265,876	265,876
51	Dividends Paid	-	-
52	Proceeds from sale of stock	-	-
53	Contributions in aid of construction under ICFA agreements	-	-
54	Payments of offering costs for sale of stock	-	-
55	Refunds of advances for construction	(310,580)	(310,580)
56	Net cash (used) provided by financing activities	(44,704)	(44,704)
57	Net change in cash	23	6,759,057
58			
59	Supporting Schedules:	Recap Schedules	
60	E-3	A-5	
61	F-3		

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule F-3

Test Year Ended December 31, 2019

Projected Construction Requirements

Line No.	Property Classification	Through 12/31/2020	Through 12/31/2021	Through 12/31/2022
1				
2	Waste Water Treatment	\$ 682,200	\$ 1,570,000	\$ 730,000
3				
4	Collection Systems	319,500	325,000	310,000
5				
6	Recycled Water	155,000	1,405,000	30,000
7				
8	SCADA	20,000	40,000	40,000
9				
10	Other	633,179	161,000	216,000
11				
12	Totals	\$ 1,809,879	\$ 3,501,000	\$ 1,326,000

Recap Schedules
F-2 and A-4

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Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule F-4

Test Year Ended December 31, 2019

Assumptions

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Revenues and expenses were projected using the pro forma changes to the test year ending December 31, 2019. Actual expenses incurred during the test year ending December 31, 2019, were considered when developing pro forma adjustments. Where known and measurable changes are expected to occur, those changes are applied to determine pro form adjustments.

Construction forecasts are based on estimated plant requirements including new facilities, the replacement of existing facilities, and the improvement and maintenance of infrastructure necessary to ensure safe and reliable service.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Test Year Ended December 31, 2019

Cost of Service Study Schedules G-1 thru G-7

The Company did not perform a Cost of Service Study, for the reasons explained in Paragraph 10 of the Company's Rate Application.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule H-1

Test Year Ended December 31, 2019

Classification - Present and Proposed Rates

Line No.	Customer Classification	[A] Revenue at 2019 Rates Sch. H-2 Col. C	[B] Revenue Annualized and adjusted for 2021 Rates	[C] Proposed Rates Sch. H-2 Col. F	[D] Proposed Increase Amount	[E] %
1						
2	Residential	\$ 17,559,143	\$ 18,443,606	\$ 19,505,055	\$ 1,061,449	5.8%
3	Commercial	899,039	993,757	1,056,919	63,162	6.4%
4	Recycled	961,692	1,124,017	1,290,442	166,425	14.8%
5						
6	Total Waste Water Revenues	\$ 19,419,874	\$ 20,561,381	\$ 21,852,417	\$ 1,291,036	6.3%
7						
8	Other Revenues (Sch. C-1, L4 and L5)	437,334	437,334	437,334	-	0.0%
9						
10	Adjustment	(529,521)	(529,521)	(4,371)	525,149	-99.2%
11						
12	TCJA Credit Phase In		(146,244)		146,244	-100.0%
13						
14	Total Operating Revenues	\$ 19,327,687	\$ 20,322,951	\$ 22,285,380	\$ 1,962,429	9.7%
15						
16						
17	Revenue Reconciliation					
18		Flat Rate Waste				
19	Revenue Per Book	\$ 17,968,549	\$ 921,804	\$ 18,890,353	Proposed	
20					Rates Variance	
21	Tax Act Refund	\$ 545,169	\$ -	\$ 545,169	4,371	
22	Accrued Revenue Consumption	\$ -	\$ 34,247	\$ 34,247		
23	Accrued Revenue Basic Meter Charge	\$ (81,148)	\$ -	\$ (81,148)		
24	Accrued Revenue Tax Act Refund	\$ 8,776	\$ -	\$ 8,776		
25	Bill Adjustments	\$ -	\$ 4,711	\$ 4,711		
26	Intercompany Bills	\$ 19,590	\$ 922	\$ 20,512		
27						
28	Wastewater Revenue Adjusted	\$ 18,460,936	\$ 961,683	\$ 19,422,619		
29						
30	Bill Count Revenue	\$ 18,458,182	\$ 961,692	\$ 19,419,874		
31						
32	Variance	\$ 2,754	\$ (8)	\$ 2,746		
33	Variance%	0.0149%	-0.0009%	0.0141%		
34						
35	Supporting Schedules				Recap Schedule	
36	H-2				A-1	

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
Test Year Ended December 31, 2019
Classification - Present and Proposed Rates

Schedule H-2
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	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
	Bill Count Water Revenues									
	Average							Proposed		
Line	Number of	Average	Revenue at	Revenue at	Annualization	Adjusted	Proposed	Increase		
No.	Class of Service	Customers	Consumption	2019 Rates	2021 Rates	Adjustments*	Present Rates	Rates	[I -H]	%
1										
2	5/8" Residential	1,560	N/A	\$ 1,433,890	\$ 1,516,265	\$ 2,168	\$ 1,518,433	\$ 1,393,314	\$ (125,119)	-8.24%
3	3/4" Residential	19,723	N/A	16,107,896	16,455,804	451,639	16,907,443	18,092,778	1,185,336	7.01%
4	1" Residential	9	N/A	17,356	17,731	-	17,731	18,963	1,232	6.95%
5	5/8" Commercial	4	N/A	3,267	3,337	-	3,337	3,569	232	6.95%
6	3/4" Commercial	4	N/A	3,267	3,337	817	4,154	4,462	308	7.40%
7	1" Commercial	26	N/A	52,615	54,548	8,160	62,708	65,254	2,546	4.06%
8	1.5" Commercial	41	N/A	168,039	172,291	4,084	176,374	187,386	11,012	6.24%
9	2" Commercial	75	N/A	491,350	504,056	58,739	562,795	599,046	36,251	6.44%
10	3" Commercial	6	N/A	78,408	80,096	-	80,096	85,662	5,566	6.95%
11	4" Commercial	5	N/A	102,094	104,292	-	104,292	111,539	7,247	6.95%
12	Recycled	16	3,663,613	961,692	1,124,017	-	1,124,017	1,290,442	166,425	14.81%
13										
14										
15	Total Residential	21,292	N/A	\$ 17,559,143	\$ 17,989,800	\$ 453,807	\$ 18,443,606	\$ 19,505,055	\$ 1,061,449	5.76%
16	Total Commercial	161	N/A	899,039	921,958	71,799	993,757	1,056,919	63,162	6.36%
17	Recycled	16	3,663,613	961,692	1,124,017	-	1,124,017	1,290,442	166,425	14.81%
18	Totals	21,469		19,419,874	20,035,775	525,606	20,561,381	21,852,417	1,291,036	6.28%
19										
20	*Adjustment C-2.11									
21										
22	Supporting Schedules			Recap Schedules						
23				H-1						

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Classification - Present and Proposed Rates

Schedule H-2
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Line No.	Class of Service	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
		Bill Count Water Revenues								
		Average Number of Customers	Average Consumption	Revenue at 2019 Rates	Revenue at 2020 Rates	Annualization Adjustments*	Adjusted Present Rates	Proposed Rates	Proposed Increase [I -H]	%
1										
2	5/8" Residential	860	N/A	\$ 862,254	\$ 932,282	\$ 2,168	\$ 934,451	\$ 1,124,859	\$ 190,408	20.38%
3	3/4" Residential	-	N/A	-	-	-	-	-	-	
4	1" Residential	-	N/A	-	-	-	-	-	-	
5	5/8" Commercial	-	N/A	-	-	-	-	-	-	
6	3/4" Commercial	-	N/A	-	-	-	-	-	-	
7	1" Commercial	-	N/A	-	-	-	-	-	-	
8	1.5" Commercial	1	N/A	4,691	5,423	-	5,423	6,544	1,120	20.66%
9	2" Commercial	2	N/A	14,912	17,355	-	17,355	20,940	3,585	20.66%
10	3" Commercial	-	N/A	-	-	-	-	-	-	
11	4" Commercial	-	N/A	-	-	-	-	-	-	
12	1" Irrigation	3	N/A	7,182	8,135	-	8,135	9,816	1,680	20.66%
13	Recycled	5	272,286	14,790	14,790	-	14,790	16,112	1,322	8.93%
14										
15										
16	Total Residential	860	N/A	\$ 862,254	\$ 932,282	\$ 2,168	\$ 934,451	\$ 1,124,859	\$ 190,408	20.38%
17	Total Commercial	3	N/A	19,603	22,778	-	22,778	27,483	4,705	20.66%
18	Total Irrigation	3		7,182	8,135					
19	Recycled	5	272,286	14,790	14,790	-	14,790	16,112	1,322	8.93%
20	Totals	871		903,829	977,986	2,168	972,019	1,168,454	196,435	20.21%

*Adjustment C-2.11

Supporting Schedules

Recap Schedules
 H-1

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Classification - Present and Proposed Rates

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Line No.	Class of Service	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
		Bill Count Water Revenues								
		Average Number of Customers	Average Consumption	Revenue at 2019 Rates	Revenue at 2021 Rates	Annualization Adjustments*	Adjusted Present Rates	Proposed Rates	Proposed Increase [I -H]	%
1										
2	5/8" Residential	700	N/A	\$ 571,636	\$ 583,982	\$ -	\$ 583,982	\$ 616,441	\$ 32,458	5.56%
3	3/4" Residential	19,723	N/A	16,107,896	16,455,804	\$ 451,639	\$ 16,907,443	17,857,473	\$ 950,030	5.62%
4	1" Residential	9	N/A	17,356	17,731	\$ -	\$ 17,731	18,716	\$ 985	5.56%
5	5/8" Commercial	4	N/A	3,267	3,337	\$ -	\$ 3,337	3,523	\$ 185	5.56%
6	3/4" Commercial	4	N/A	3,267	3,337	\$ 817	\$ 4,154	4,404	\$ 250	6.01%
7	1" Commercial	23	N/A	45,433	46,413	\$ 8,160	\$ 54,573	57,800	\$ 3,227	5.91%
8	1.5" Commercial	40	N/A	163,349	166,867	\$ 4,084	\$ 170,951	180,545	\$ 9,594	5.61%
9	2" Commercial	73	N/A	476,438	486,701	\$ 58,739	\$ 545,440	577,164	\$ 31,724	5.82%
10	3" Commercial	6	N/A	78,408	80,096	\$ -	\$ 80,096	84,548	\$ 4,452	5.56%
11	4" Commercial	5	N/A	102,094	104,292	\$ -	\$ 104,292	110,089	\$ 5,797	5.56%
12	Recycled	11	5,202,754	946,901	1,109,227	\$ -	\$ 1,109,227	1,247,020	\$ 137,793	12.42%
13										
14										
15	Total Residential	20,432	N/A	\$ 16,696,889	\$ 17,057,517	\$ 451,639	\$ 17,509,156	\$ 18,492,630	\$ 983,474	5.62%
16	Total Commercial	155	N/A	872,254	891,044	71,799	962,844	1,018,073	55,229	5.74%
17	Recycled	11	5,202,754	946,901	1,109,227	-	1,109,227	1,247,020	137,793	12.42%
18	Totals	20,598		18,516,044	19,057,789	523,438	19,581,227	20,757,723	1,176,496	6.01%

*Adjustment C-2.11

Supporting Schedules

Recap Schedules
 H-1

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

Schedule H-2

Test Year Ended December 31, 2019

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Classification - Present and Proposed Rates

Line No.		Current	Proposed	Increase	Test Year Charges	Revenue Increase
1						
2	Establishment	\$ 35.00	\$ 35.00	\$ -	5,549	\$ -
3	Reconnect	35.00	35.00	-	3,589	-
4	NSF Fees	30.00	30.00	-	3	-
5						
6	Proposed Misc. Service Charge Increase					\$ -
7						
8						
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Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Present and Proposed Rates

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Monthly Minimum Charges:

Current Palo Verde Customers							
Basic Service Charge							
Meter Size (All Classes)	Present (2021)	Proposed (2022)	Change	Proposed (2023)	Change	Proposed (2024)	Change
5/8" X 3/4" Meter	\$ 69.53	\$ 70.04	\$ 0.51	\$ 72.29	\$ 2.25	\$ 74.36	\$ 2.07
3/4" Meter	69.53	70.04	0.51	72.29	2.25	74.36	2.07
1" Meter	173.83	175.11	1.28	180.73	5.63	185.91	5.18
1.5" Meter	347.64	350.20	2.56	361.45	11.25	371.80	10.35
2" Meter	556.23	560.32	4.09	578.32	18.00	594.88	16.56
3" Meter	1,112.45	1,120.64	8.19	1,156.63	36.00	1,189.75	33.12
4" Meter	1,738.20	1,750.99	12.79	1,807.24	56.25	1,858.99	51.75
6" Meter	3,476.50	3,502.08	25.58	3,614.58	112.50	3,718.08	103.50
8" Meter	5,562.40	5,603.33	40.93	5,783.33	180.00	5,948.93	165.60

Current Red Rock Customers							
Basic Service Charge							
Meter Size (All Classes)	Present	Proposed (2022)	Change	Proposed (2023)	Change	Proposed (2024)	Change
5/8" X 3/4" Meter	\$ 90.39	\$ 70.04	\$ (20.35)	72.29	\$ 2.25	74.36	\$ 2.07
3/4" Meter	135.59	70.04	(65.55)	72.29	2.25	74.36	2.07
1" Meter	225.98	175.11	(50.87)	180.73	5.63	185.91	5.18
1.5" Meter	451.95	350.20	(101.75)	361.45	11.25	371.80	10.35
2" Meter	723.12	560.32	(162.80)	578.32	18.00	594.88	16.56
3" Meter	1,355.85	1,120.64	(235.21)	1,156.63	36.00	1,189.75	33.12
4" Meter	2,259.75	1,750.99	(508.76)	1,807.24	56.25	1,858.99	51.75
6" Meter	2,259.75	3,502.08	1,242.33	3,614.58	112.50	3,718.08	103.50
8" Meter	NA	5,603.33	NA	5,783.33	180.00	5,948.93	165.60

Recycled Water Charge	Present (2021) Palo Verde	Proposed 2022	Change	Proposed 2023	Change	Proposed 2024	Change
All Gallons (Per Acre Foot)	\$ 534.40	\$ 557.21	\$ 22.81	\$ 580.02	\$ 22.81	\$ 607.28	\$ 27.26
All Gallons (Per 1,000 Gallons)	1.64	1.71	0.07	1.78	0.07	1.86	0.08

Recycled Water Charge	Present Red Rock	Proposed 2022	Change	Proposed 2023	Change	Proposed 2024	Change
All Gallons (Per Acre Foot)	\$ 300.00	\$ 557.21	\$ 257.21	\$ 580.02	\$ 22.81	\$ 607.28	\$ 27.26
All Gallons (Per 1,000 Gallons)	0.92	1.71	0.79	1.78	0.07	1.86	0.08

Rate Case Expense Surcharge 2023 and 2024 only	
5/8" X 3/4" Meter	\$ 0.45
3/4" Meter	0.45
1" Meter	1.12
1.5" Meter	2.24
2" Meter	3.58
3" Meter	6.71
4" Meter	11.18
6" Meter	22.35
8" Meter	35.76

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Present and Proposed Rates

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Miscellaneous Service Charges Current Palo Verde Customers	Present	Proposed
Establishment of Service	\$ 35.00	\$ 35.00
Re-establishment of Service (Within 12 Months)	(a)	(a)
Reconnection of Service (Delinquent)	35.00	35.00
After Hours Service Charge, Per Hour	50.00	50.00
Deposit	(b)	(b)
Deposit Interest	(b)	
NSF Check	30.00	30.00
Late Payment Charge (Per Month)	1.50%	1.50%
Deferred Payment Charge (Per Month)	1.50%	1.50%

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-603(D).

(b) Per A.A.C. R14-2-603(B).

In addition to the collection of its regular rates and charges, the Company shall collect from customers their proportionate share of any privilege, sales or use tax in accordance with A.A.C. R14-2-608(D)(5).

Miscellaneous Service Charges Current Red Rock Customers	Present	Proposed
Establishment of Service	\$ 15.00	\$ 35.00
Re-establishment of Service (Within 12 Months)	(a)	(a)
Reconnection of Service (Delinquent)	30.00	35.00
After Hours Service Charge, Per Hour	NA	50.00
Deposit	(b)	(b)
Deposit Interest	(b)	
NSF Check	25.00	30.00
Late Payment Charge (Per Month)	1.50%	1.50%
Deferred Payment Charge (Per Month)	1.50%	1.50%
Service Calls - after hours (flat rate)	50.00	NA

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-603(D).

(b) Per A.A.C. R14-2-603(B).

In addition to the collection of its regular rates and charges, the Company shall collect from customers their proportionate share of any privilege, sales or use tax in accordance with A.A.C. R14-2-608(D)(5).

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Classification - Present and Proposed Rates

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Class of Service	Average Monthly Consumption	Present Rates (2021)	TCJA Bill Credit	2021 Bill	Palo Verde		Proposed Increase	
					Proposed Rates 2022		Amount	%
5/8" Residential	N/A	\$ 69.53	\$ (1.87)	\$ 67.66	\$ 70.04	\$	2.38	3.43%
3/4" Residential	N/A	69.53	(2.80)	66.73	70.04		3.31	4.76%
1" Residential	N/A	173.83	(4.67)	169.16	175.11		5.95	3.42%
1.5" Residential	N/A	347.64	(9.34)	338.30	350.20		11.90	3.42%
2" Residential	N/A	556.23	(14.94)	541.29	560.32		19.03	3.42%
5/8" Commercial	N/A	69.53	(1.87)	67.66	70.04		2.38	3.43%
3/4" Commercial	N/A	69.53	(2.80)	66.73	70.04		3.31	4.76%
1" Commercial	N/A	173.83	(4.67)	169.16	175.11		5.95	3.42%
1.5" Commercial	N/A	347.64	(9.34)	338.30	350.20		11.90	3.42%
2" Commercial	N/A	556.23	(14.94)	541.29	560.32		19.03	3.42%
3" Commercial	N/A	1,112.45	(28.02)	1,084.43	1,120.64		36.21	3.25%
4" Commercial	N/A	1,738.20	(46.69)	1,691.51	1,750.99		59.48	3.42%
6" Commercial*	N/A	3,476.50	(93.39)	3,383.11	3,841.93		458.82	13.20%
8" Commercial*	N/A	5,562.40	(149.42)	5,412.98	6,147.09		734.11	13.20%

*Currently no 6" or 8" customers.

Class of Service	Average Monthly Consumption	Present Rates (2021)	TCJA Bill Credit	2021 Bill	Red Rock		Proposed Increase	
					Proposed Rates 2022		Amount	%
5/8" Residential	N/A	\$ 90.39	NA	\$ 90.39	\$ 70.04	\$	(20.35)	-22.51%
3/4" Residential	N/A	135.59	NA	135.59	70.04		(65.55)	-48.34%
1" Residential	N/A	225.98	NA	225.98	175.11		(50.87)	-22.51%
1.5" Residential	N/A	451.95	NA	451.95	350.20		(101.75)	-22.51%
2" Residential	N/A	723.12	NA	723.12	560.32		(162.80)	-22.51%
5/8" Commercial	N/A	90.39	NA	90.39	70.04		(20.35)	-22.51%
3/4" Commercial	N/A	135.59	NA	135.59	70.04		(65.55)	-48.34%
1" Commercial	N/A	225.98	NA	225.98	175.11		(50.87)	-22.51%
1.5" Commercial	N/A	451.95	NA	451.95	350.20		(101.75)	-22.51%
2" Commercial	N/A	723.12	NA	723.12	560.32		(162.80)	-22.51%
3" Commercial	N/A	1,355.85	NA	1,355.85	1,120.64		(235.21)	-17.35%
4" Commercial	N/A	2,259.75	NA	2,259.75	1,750.99		(508.76)	-22.51%
6" Commercial*	N/A	4,519.50	NA	4,519.50	3,841.93		(677.57)	-14.99%
8" Commercial*	N/A	NA	NA	NA	6,147.09		NA	NA

*Currently no 6" or 8" customers.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

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Classification - Present and Proposed Rates

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Palo Verde

Class of Service	Average Monthly Consumption	Present Rates (2021)	TCJA Bill Credit	2021 Bill	Rate Case Expense Surcharge	Proposed Rates 2023	Proposed In Amount
5/8" Residential	N/A	\$ 69.53	\$ (1.87)	\$ 67.66	\$ 0.45	\$ 72.74	\$ 5.08
3/4" Residential	N/A	69.53	(2.80)	66.73	0.45	72.74	6.01
1" Residential	N/A	173.83	(4.67)	169.16	1.12	181.85	12.69
1.5" Residential	N/A	347.64	(9.34)	338.30	2.24	363.69	25.39
2" Residential	N/A	556.23	(14.94)	541.29	3.58	581.90	40.61
5/8" Commercial	N/A	69.53	(1.87)	67.66	0.45	72.74	5.08
3/4" Commercial	N/A	69.53	(2.80)	66.73	0.45	72.74	6.01
1" Commercial	N/A	173.83	(4.67)	169.16	1.12	181.85	12.69
1.5" Commercial	N/A	347.64	(9.34)	338.30	2.24	363.69	25.39
2" Commercial	N/A	556.23	(14.94)	541.29	3.58	581.90	40.61
3" Commercial	N/A	1,112.45	(28.02)	1,084.43	6.71	1,163.34	78.91
4" Commercial	N/A	1,738.20	(46.69)	1,691.51	11.18	1,818.42	126.91
6" Commercial*	N/A	3,476.50	(93.39)	3,383.11	22.35	3,864.28	481.17
8" Commercial*	N/A	5,562.40	(149.42)	5,412.98	35.76	6,182.85	769.87

*Currently no 6" or 8" customers.

Red Rock

Class of Service	Average Monthly Consumption	Present Rates (2021)	TCJA Bill Credit	2021 Bill	Rate Case Expense Surcharge	Proposed Rates 2023	Proposed In Amount
5/8" Residential	N/A	\$ 90.39	NA	\$ 90.39	\$ 0.45	\$ 72.74	\$ (17.65)
3/4" Residential	N/A	135.59	NA	135.59	0.45	72.74	(62.85)
1" Residential	N/A	225.98	NA	225.98	1.12	181.85	(44.13)
1.5" Residential	N/A	451.95	NA	451.95	2.24	363.69	(88.26)
2" Residential	N/A	723.12	NA	723.12	3.58	581.90	(141.22)
5/8" Commercial	N/A	90.39	NA	90.39	0.45	72.74	(17.65)
3/4" Commercial	N/A	135.59	NA	135.59	0.45	72.74	(62.85)
1" Commercial	N/A	225.98	NA	225.98	1.12	181.85	(44.13)
1.5" Commercial	N/A	451.95	NA	451.95	2.24	363.69	(88.26)
2" Commercial	N/A	723.12	NA	723.12	3.58	581.90	(141.22)
3" Commercial	N/A	1,355.85	NA	1,355.85	6.71	1,163.34	(192.51)
4" Commercial	N/A	2,259.75	NA	2,259.75	11.18	1,818.42	(441.33)
6" Commercial*	N/A	4,519.50	NA	4,519.50	22.35	3,864.28	(655.22)
8" Commercial*	N/A	NA	NA	NA	35.76	6,182.85	NA

*Currently no 6" or 8" customers.

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

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Classification - Present and Proposed Rates

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Class of Service	Average Monthly Consumption	Present Rates (2021)	TCJA Bill Credit	Palo Verde		Proposed Rates 2024	Proposed Amount
				2021 Bill	Rate Case Expense Surcharge		
5/8" Residential	N/A	\$ 69.53	\$ (1.87)	\$ 67.66	\$ 0.45	\$ 74.81	\$ 7.15
3/4" Residential	N/A	69.53	(2.80)	66.73	0.45	74.81	8.08
1" Residential	N/A	173.83	(4.67)	169.16	1.12	187.03	17.87
1.5" Residential	N/A	347.64	(9.34)	338.30	2.24	374.04	35.74
2" Residential	N/A	556.23	(14.94)	541.29	3.58	598.46	57.17
5/8" Commercial	N/A	69.53	(1.87)	67.66	0.45	74.81	7.15
3/4" Commercial	N/A	69.53	(2.80)	66.73	0.45	74.81	8.08
1" Commercial	N/A	173.83	(4.67)	169.16	1.12	187.03	17.87
1.5" Commercial	N/A	347.64	(9.34)	338.30	2.24	374.04	35.74
2" Commercial	N/A	556.23	(14.94)	541.29	3.58	598.46	57.17
3" Commercial	N/A	1,112.45	(28.02)	1,084.43	6.71	1,196.46	112.03
4" Commercial	N/A	1,738.20	(46.69)	1,691.51	11.18	1,870.17	178.66
6" Commercial*	N/A	3,476.50	(93.39)	3,383.11	22.35	3,841.93	458.82
8" Commercial*	N/A	5,562.40	(149.42)	5,412.98	35.76	6,147.09	734.11

*Currently no 6" or 8" customers.

Class of Service	Average Monthly Consumption	Present Rates (2021)	TCJA Bill Credit	Red Rock		Proposed Rates 2024	Proposed Amount
				2021 Bill	Rate Case Expense Surcharge		
5/8" Residential	N/A	\$ 90.39	NA	\$ 90.39	\$ 0.45	\$ 74.81	\$ (15.58)
3/4" Residential	N/A	135.59	NA	135.59	0.45	74.81	(60.78)
1" Residential	N/A	225.98	NA	225.98	1.12	187.03	(38.95)
1.5" Residential	N/A	451.95	NA	451.95	2.24	374.04	(77.91)
2" Residential	N/A	723.12	NA	723.12	3.58	598.46	(124.66)
5/8" Commercial	N/A	90.39	NA	90.39	0.45	74.81	(15.58)
3/4" Commercial	N/A	135.59	NA	135.59	0.45	74.81	(60.78)
1" Commercial	N/A	225.98	NA	225.98	1.12	187.03	(38.95)
1.5" Commercial	N/A	451.95	NA	451.95	2.24	374.04	(77.91)
2" Commercial	N/A	723.12	NA	723.12	3.58	598.46	(124.66)
3" Commercial	N/A	1,355.85	NA	1,355.85	6.71	1,196.46	(159.39)
4" Commercial	N/A	2,259.75	NA	2,259.75	11.18	1,870.17	(389.58)
6" Commercial*	N/A	4,519.50	NA	4,519.50	22.35	3,841.93	(677.57)
8" Commercial*	N/A	NA	NA	NA	35.76	6,147.09	NA

*Currently no 6" or 8" customers.

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Class of Service	Monthly Consumption	Present Rates	Proposed Rates	Proposed Increase	
	(1,000s)	(2021)	2022	Amount	%
Recycled Water					
	100	\$ 164	\$ 171	\$ 7	4.27%
	1100	1,804	1,881	77	4.27%
	2100	3,444	3,591	147	4.27%
	3100	5,084	5,301	217	4.27%
	4100	6,724	7,011	287	4.27%
	5100	8,364	8,721	357	4.27%
	6100	10,004	10,431	427	4.27%
	7100	11,644	12,141	497	4.27%
	8100	13,284	13,851	567	4.27%
	9100	14,924	15,561	637	4.27%
	10100	16,564	17,271	707	4.27%
	11100	18,204	18,981	777	4.27%
	12100	19,844	20,691	847	4.27%
	13100	21,484	22,401	917	4.27%
	14100	23,124	24,111	987	4.27%
	15100	24,764	25,821	1,057	4.27%
	16100	26,404	27,531	1,127	4.27%
	17100	28,044	29,241	1,197	4.27%
	18100	29,684	30,951	1,267	4.27%
	19100	31,324	32,661	1,337	4.27%
	20100	32,964	34,371	1,407	4.27%
	21100	34,604	36,081	1,477	4.27%
	22100	36,244	37,791	1,547	4.27%
	23100	37,884	39,501	1,617	4.27%
	24100	39,524	41,211	1,687	4.27%
	25100	41,164	42,921	1,757	4.27%
	26100	42,804	44,631	1,827	4.27%
	27100	44,444	46,341	1,897	4.27%
	28100	46,084	48,051	1,967	4.27%
	29100	47,724	49,761	2,037	4.27%

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PALO VERDE PHASE 2 of 3

Class of Service	Monthly Consumption (1,000s)	Present Rates (2021)	Proposed Rates 2023	Proposed Increase	
				Amount	%
Recycled Water					
	100	\$ 164	\$ 178	\$ 14	8.54%
	1100	1,804	1,958	154	8.54%
	2100	3,444	3,738	294	8.54%
	3100	5,084	5,518	434	8.54%
	4100	6,724	7,298	574	8.54%
	5100	8,364	9,078	714	8.54%
	6100	10,004	10,858	854	8.54%
	7100	11,644	12,638	994	8.54%
	8100	13,284	14,418	1,134	8.54%
	9100	14,924	16,198	1,274	8.54%
	10100	16,564	17,978	1,414	8.54%
	11100	18,204	19,758	1,554	8.54%
	12100	19,844	21,538	1,694	8.54%
	13100	21,484	23,318	1,834	8.54%
	14100	23,124	25,098	1,974	8.54%
	15100	24,764	26,878	2,114	8.54%
	16100	26,404	28,658	2,254	8.54%
	17100	28,044	30,438	2,394	8.54%
	18100	29,684	32,218	2,534	8.54%
	19100	31,324	33,998	2,674	8.54%
	20100	32,964	35,778	2,814	8.54%
	21100	34,604	37,558	2,954	8.54%
	22100	36,244	39,338	3,094	8.54%
	23100	37,884	41,118	3,234	8.54%
	24100	39,524	42,898	3,374	8.54%
	25100	41,164	44,678	3,514	8.54%
	26100	42,804	46,458	3,654	8.54%
	27100	44,444	48,238	3,794	8.54%
	28100	46,084	50,018	3,934	8.54%
	29100	47,724	51,798	4,074	8.54%

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Classification - Present and Proposed Rates

PALO VERDE PHASE 3 of 3

Class of Service	Monthly Consumption (1,000s)	Present Rates (2021)	Proposed Rates 2024	Proposed Increase	
				Amount	%
Recycled Water					
	100	\$ 164	\$ 186	\$ 22	13.64%
	1100	1,804	2,050	246	13.64%
	2100	3,444	3,914	470	13.64%
	3100	5,084	5,777	693	13.64%
	4100	6,724	7,641	917	13.64%
	5100	8,364	9,505	1,141	13.64%
	6100	10,004	11,368	1,364	13.64%
	7100	11,644	13,232	1,588	13.64%
	8100	13,284	15,096	1,812	13.64%
	9100	14,924	16,959	2,035	13.64%
	10100	16,564	18,823	2,259	13.64%
	11100	18,204	20,687	2,483	13.64%
	12100	19,844	22,550	2,706	13.64%
	13100	21,484	24,414	2,930	13.64%
	14100	23,124	26,278	3,154	13.64%
	15100	24,764	28,141	3,377	13.64%
	16100	26,404	30,005	3,601	13.64%
	17100	28,044	31,869	3,825	13.64%
	18100	29,684	33,732	4,048	13.64%
	19100	31,324	35,596	4,272	13.64%
	20100	32,964	37,460	4,496	13.64%
	21100	34,604	39,323	4,719	13.64%
	22100	36,244	41,187	4,943	13.64%
	23100	37,884	43,051	5,167	13.64%
	24100	39,524	44,914	5,390	13.64%
	25100	41,164	46,778	5,614	13.64%
	26100	42,804	48,642	5,838	13.64%
	27100	44,444	50,505	6,061	13.64%
	28100	46,084	52,369	6,285	13.64%
	29100	47,724	54,233	6,509	13.64%

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated

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Classification - Present and Proposed Rates

RED ROCK PHASE 1 of 3

Class of Service	Monthly Consumption (1,000s)	Present Rates (2021)	Proposed Rates 2022	Proposed Increase	
				Amount	%
Recycled Water	100	\$ 92	\$ 171	\$ 79	85.87%
	1100	1,012	1,881	869	85.87%
	2100	1,932	3,591	1,659	85.87%
	3100	2,852	5,301	2,449	85.87%
	4100	3,772	7,011	3,239	85.87%
	5100	4,692	8,721	4,029	85.87%
	6100	5,612	10,431	4,819	85.87%
	7100	6,532	12,141	5,609	85.87%
	8100	7,452	13,851	6,399	85.87%
	9100	8,372	15,561	7,189	85.87%
	10100	9,292	17,271	7,979	85.87%
	11100	10,212	18,981	8,769	85.87%
	12100	11,132	20,691	9,559	85.87%
	13100	12,052	22,401	10,349	85.87%
	14100	12,972	24,111	11,139	85.87%
	15100	13,892	25,821	11,929	85.87%
	16100	14,812	27,531	12,719	85.87%
	17100	15,732	29,241	13,509	85.87%
	18100	16,652	30,951	14,299	85.87%
	19100	17,572	32,661	15,089	85.87%
	20100	18,492	34,371	15,879	85.87%
	21100	19,412	36,081	16,669	85.87%
	22100	20,332	37,791	17,459	85.87%
	23100	21,252	39,501	18,249	85.87%
	24100	22,172	41,211	19,039	85.87%
	25100	23,092	42,921	19,829	85.87%
	26100	24,012	44,631	20,619	85.87%
	27100	24,932	46,341	21,409	85.87%
	28100	25,852	48,051	22,199	85.87%
29100	26,772	49,761	22,989	85.87%	

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Classification - Present and Proposed Rates

RED ROCK PHASE 2 of 3

Class of Service	Monthly Consumption	Present Rates	Proposed Rates	Proposed Increase	
	(1,000s)	(2021)	2023	Amount	%
Recycled Water	100	\$ 92	\$ 178	\$ 86	93.48%
	1100	1,012	1,958	946	93.48%
	2100	1,932	3,738	1,806	93.48%
	3100	2,852	5,518	2,666	93.48%
	4100	3,772	7,298	3,526	93.48%
	5100	4,692	9,078	4,386	93.48%
	6100	5,612	10,858	5,246	93.48%
	7100	6,532	12,638	6,106	93.48%
	8100	7,452	14,418	6,966	93.48%
	9100	8,372	16,198	7,826	93.48%
	10100	9,292	17,978	8,686	93.48%
	11100	10,212	19,758	9,546	93.48%
	12100	11,132	21,538	10,406	93.48%
	13100	12,052	23,318	11,266	93.48%
	14100	12,972	25,098	12,126	93.48%
	15100	13,892	26,878	12,986	93.48%
	16100	14,812	28,658	13,846	93.48%
	17100	15,732	30,438	14,706	93.48%
	18100	16,652	32,218	15,566	93.48%
	19100	17,572	33,998	16,426	93.48%
	20100	18,492	35,778	17,286	93.48%
	21100	19,412	37,558	18,146	93.48%
	22100	20,332	39,338	19,006	93.48%
	23100	21,252	41,118	19,866	93.48%
	24100	22,172	42,898	20,726	93.48%
	25100	23,092	44,678	21,586	93.48%
	26100	24,012	46,458	22,446	93.48%
	27100	24,932	48,238	23,306	93.48%
	28100	25,852	50,018	24,166	93.48%
	29100	26,772	51,798	25,026	93.48%

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RED ROCK PHASE 3 of 3

Class of Service	Monthly Consumption (1,000s)	Present Rates (2021)	Proposed Rates 2024	Proposed Increase	
				Amount	%
Recycled Water					
	100	\$ 92	\$ 186	\$ 94	102.57%
	1100	1,012	2,050	1,038	102.57%
	2100	1,932	3,914	1,982	102.57%
	3100	2,852	5,777	2,925	102.57%
	4100	3,772	7,641	3,869	102.57%
	5100	4,692	9,505	4,813	102.57%
	6100	5,612	11,368	5,756	102.57%
	7100	6,532	13,232	6,700	102.57%
	8100	7,452	15,096	7,644	102.57%
	9100	8,372	16,959	8,587	102.57%
	10100	9,292	18,823	9,531	102.57%
	11100	10,212	20,687	10,475	102.57%
	12100	11,132	22,550	11,418	102.57%
	13100	12,052	24,414	12,362	102.57%
	14100	12,972	26,278	13,306	102.57%
	15100	13,892	28,141	14,249	102.57%
	16100	14,812	30,005	15,193	102.57%
	17100	15,732	31,869	16,137	102.57%
	18100	16,652	33,732	17,080	102.57%
	19100	17,572	35,596	18,024	102.57%
	20100	18,492	37,460	18,968	102.57%
	21100	19,412	39,323	19,911	102.57%
	22100	20,332	41,187	20,855	102.57%
	23100	21,252	43,051	21,799	102.57%
	24100	22,172	44,914	22,742	102.57%
	25100	23,092	46,778	23,686	102.57%
	26100	24,012	48,642	24,630	102.57%
	27100	24,932	50,505	25,573	102.57%
	28100	25,852	52,369	26,517	102.57%
	29100	26,772	54,233	27,461	102.57%

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Rate Schedule: All Wastewater

Line		Average	
No.	Class of Service	Number of Bills	Number of Customers
1			
2	5/8" Residential	18713	1560
3	3/4" Residential	236672	19723
4	1" Residential	102	9
5	5/8" Commercial	48	4
6	3/4" Commercial	48	4
7	1" Commercial	303	26
8	1.5" Commercial	492	41
9	2" Commercial	899	75
10	3" Commercial	72	6
11	4" Commercial	60	5

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Rate Schedule:		Recycled					
Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No. % of Total	Cumulative Consumption Amount % of Total		
0	0	-	-	0.00%	-	-	0.00%
1	1000	1	501	1 0.53%	501	0.00%	
1001	2000	1	1,501	2 1.06%	2,001	0.00%	
2001	3000	-	-	2 1.06%	2,001	0.00%	
3001	4000	4	14,002	6 3.17%	16,003	0.00%	
4001	5000	5	22,503	11 5.82%	38,506	0.01%	
5001	6000	4	22,002	15 7.94%	60,508	0.01%	
6001	7000	4	26,002	19 10.05%	86,510	0.01%	
7001	8000	2	15,001	21 11.11%	101,511	0.01%	
8001	9000	-	-	21 11.11%	101,511	0.01%	
9001	10000	-	-	21 11.11%	101,511	0.01%	
10001	11000	2	21,001	23 12.17%	122,512	0.02%	
11001	12000	-	-	23 12.17%	122,512	0.02%	
12001	13000	-	-	23 12.17%	122,512	0.02%	
13001	14000	-	-	23 12.17%	122,512	0.02%	
14001	15000	-	-	23 12.17%	122,512	0.02%	
15001	16000	-	-	23 12.17%	122,512	0.02%	
16001	17000	-	-	23 12.17%	122,512	0.02%	
17001	18000	1	17,501	24 12.70%	140,012	0.02%	
18001	19000	-	-	24 12.70%	140,012	0.02%	
19001	20000	1	19,501	25 13.23%	159,513	0.02%	
20001	21000	-	-	25 13.23%	159,513	0.02%	
21001	22000	-	-	25 13.23%	159,513	0.02%	
22001	23000	1	22,501	26 13.76%	182,013	0.03%	
23001	24000	1	23,501	27 14.29%	205,514	0.03%	
24001	25000	2	49,001	29 15.34%	254,515	0.04%	
25001	26000	-	-	29 15.34%	254,515	0.04%	
26001	27000	-	-	29 15.34%	254,515	0.04%	
27001	28000	-	-	29 15.34%	254,515	0.04%	
28001	29000	-	-	29 15.34%	254,515	0.04%	
29001	30000	-	-	29 15.34%	254,515	0.04%	
30001	31000	1	30,501	30 15.87%	285,015	0.04%	
31001	32000	-	-	30 15.87%	285,015	0.04%	
32001	33000	1	32,501	31 16.40%	317,516	0.05%	
33001	34000	-	-	31 16.40%	317,516	0.05%	
34001	35000	-	-	31 16.40%	317,516	0.05%	
35001	36000	-	-	31 16.40%	317,516	0.05%	
36001	37000	-	-	31 16.40%	317,516	0.05%	
37001	38000	-	-	31 16.40%	317,516	0.05%	
38001	39000	-	-	31 16.40%	317,516	0.05%	
39001	40000	-	-	31 16.40%	317,516	0.05%	
40001	41000	1	40,501	32 16.93%	358,016	0.05%	
41001	42000	-	-	32 16.93%	358,016	0.05%	
42001	43000	-	-	32 16.93%	358,016	0.05%	
43001	44000	-	-	32 16.93%	358,016	0.05%	
44001	45000	1	44,501	33 17.46%	402,517	0.06%	
45001	46000	-	-	33 17.46%	402,517	0.06%	
46001	47000	1	46,501	34 17.99%	449,017	0.06%	
47001	48000	-	-	34 17.99%	449,017	0.06%	
48001	49000	-	-	34 17.99%	449,017	0.06%	
49001	50000	-	-	34 17.99%	449,017	0.06%	
50001	51000	-	-	34 17.99%	449,017	0.06%	
51001	52000	-	-	34 17.99%	449,017	0.06%	
52001	53000	-	-	34 17.99%	449,017	0.06%	
53001	54000	-	-	34 17.99%	449,017	0.06%	
54001	55000	-	-	34 17.99%	449,017	0.06%	
55001	56000	-	-	34 17.99%	449,017	0.06%	
56001	57000	1	56,501	35 18.52%	505,518	0.07%	
57001	58000	-	-	35 18.52%	505,518	0.07%	
58001	59000	-	-	35 18.52%	505,518	0.07%	
59001	60000	-	-	35 18.52%	505,518	0.07%	
60001	61000	2	121,001	37 19.68%	626,519	0.09%	
61001	62000	1	61,501	38 20.11%	688,019	0.10%	
62001	63000	1	62,501	39 20.63%	750,520	0.11%	
63001	64000	-	-	39 20.63%	750,520	0.11%	
64001	65000	-	-	39 20.63%	750,520	0.11%	
65001	66000	1	65,501	40 21.16%	816,020	0.12%	
66001	67000	-	-	40 21.16%	816,020	0.12%	
67001	68000	-	-	40 21.16%	816,020	0.12%	
68001	69000	-	-	40 21.16%	816,020	0.12%	
69001	70000	-	-	40 21.16%	816,020	0.12%	
70001	71000	-	-	40 21.16%	816,020	0.12%	
71001	72000	1	71,501	41 21.69%	887,521	0.13%	
72001	73000	1	72,501	42 22.22%	960,021	0.14%	
73001	74000	-	-	42 22.22%	960,021	0.14%	
74001	75000	-	-	42 22.22%	960,021	0.14%	
75001	76000	-	-	42 22.22%	960,021	0.14%	
76001	77000	-	-	42 22.22%	960,021	0.14%	
77001	78000	-	-	42 22.22%	960,021	0.14%	
78001	79000	-	-	42 22.22%	960,021	0.14%	
79001	80000	-	-	42 22.22%	960,021	0.14%	
80001	81000	-	-	42 22.22%	960,021	0.14%	
81001	82000	-	-	42 22.22%	960,021	0.14%	
82001	83000	-	-	42 22.22%	960,021	0.14%	
83001	84000	-	-	42 22.22%	960,021	0.14%	
84001	85000	-	-	42 22.22%	960,021	0.14%	
85001	86000	-	-	42 22.22%	960,021	0.14%	
86001	87000	-	-	42 22.22%	960,021	0.14%	
87001	88000	-	-	42 22.22%	960,021	0.14%	
88001	89000	-	-	42 22.22%	960,021	0.14%	
89001	90000	1	89,501	43 22.75%	1,049,522	0.15%	
90001	91000	-	-	43 22.75%	1,049,522	0.15%	
91001	92000	-	-	43 22.75%	1,049,522	0.15%	
92001	93000	1	92,501	44 23.28%	1,142,022	0.16%	
93001	94000	1	93,501	45 23.81%	1,235,523	0.18%	
94001	95000	1	94,501	46 24.34%	1,330,023	0.19%	
95001	96000	-	-	46 24.34%	1,330,023	0.19%	
96001	97000	-	-	46 24.34%	1,330,023	0.19%	
97001	98000	1	97,501	47 24.87%	1,427,524	0.21%	
98001	99000	-	-	47 24.87%	1,427,524	0.21%	
99001	100000	1	99,501	48 25.40%	1,527,024	0.22%	

Continued on page 3

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Classification - Present and Proposed Rates

Schedule H-5
 Page 3 of 5

Rate Schedule: Recycled

Block	Number of Bills by Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
103,800	103,800	1	49	25.93%	1,630,824	0.24%
109,370	109,370	1	50	26.46%	1,740,194	0.25%
113,530	113,530	1	51	26.98%	1,853,724	0.27%
114,420	114,420	1	52	27.51%	1,968,144	0.28%
118,700	118,700	1	53	28.04%	2,086,844	0.30%
118,940	118,940	1	54	28.57%	2,205,784	0.32%
123,800	123,800	1	55	29.10%	2,329,584	0.34%
130,000	130,000	1	56	29.63%	2,459,584	0.36%
143,500	143,500	1	57	30.16%	2,603,084	0.38%
151,900	151,900	1	58	30.69%	2,754,984	0.40%
171,190	171,190	1	59	31.22%	2,926,174	0.42%
171,600	171,600	1	60	31.75%	3,097,774	0.45%
221,100	221,100	1	61	32.28%	3,318,874	0.48%
233,100	233,100	1	62	32.80%	3,551,974	0.51%
244,000	244,000	1	63	33.33%	3,795,974	0.55%
248,200	248,200	1	64	33.86%	4,044,174	0.58%
291,400	291,400	1	65	34.39%	4,335,574	0.63%
333,100	333,100	1	66	34.92%	4,668,674	0.67%
384,000	384,000	1	67	35.45%	5,052,674	0.73%
385,700	385,700	1	68	35.98%	5,438,374	0.79%
402,900	402,900	1	69	36.51%	5,841,274	0.84%
403,000	403,000	1	70	37.04%	6,244,274	0.90%
413,000	413,000	1	71	37.57%	6,657,274	0.96%
445,100	445,100	1	72	38.10%	7,102,374	1.03%
446,000	446,000	1	73	38.62%	7,548,374	1.09%
459,400	459,400	1	74	39.15%	8,007,774	1.16%
495,100	495,100	1	75	39.68%	8,502,874	1.23%
520,800	520,800	1	76	40.21%	9,023,674	1.30%
525,000	525,000	1	77	40.74%	9,548,674	1.38%
527,500	527,500	1	78	41.27%	10,076,174	1.46%
539,100	539,100	1	79	41.80%	10,615,274	1.53%
553,800	553,800	1	80	42.33%	11,169,074	1.61%
593,100	593,100	1	81	42.86%	11,762,174	1.70%
636,900	636,900	1	82	43.39%	12,399,074	1.79%
664,100	664,100	1	83	43.92%	13,063,174	1.89%
664,100	664,100	1	84	44.44%	13,727,274	1.98%
669,000	669,000	1	85	44.97%	14,396,274	2.08%
749,800	749,800	1	86	45.50%	15,146,074	2.19%
758,100	758,100	1	87	46.03%	15,904,174	2.30%
797,000	797,000	1	88	46.56%	16,701,174	2.41%
877,000	877,000	1	89	47.09%	17,578,174	2.54%
915,700	915,700	1	90	47.62%	18,493,874	2.67%
950,500	950,500	1	91	48.15%	19,444,374	2.81%
955,000	955,000	1	92	48.68%	20,399,374	2.95%
980,000	980,000	1	93	49.21%	21,379,374	3.09%
1,131,000	1,131,000	1	94	49.74%	22,510,374	3.25%
1,196,500	1,196,500	1	95	50.26%	23,706,874	3.42%
1,223,000	1,223,000	1	96	50.79%	24,929,874	3.60%
1,269,000	1,269,000	1	97	51.32%	26,198,874	3.78%
1,317,000	1,317,000	1	98	51.85%	27,515,874	3.97%

Continued on page 4

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Classification - Present and Proposed Rates

Schedule H-5
 Page 4 of 5

Rate Schedule: Recycled

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
				No.	% of Total	Amount	% of Total
1,343,000	1,343,000	1	1,343,000	99	52.38%	28,858,874	4.17%
1,390,000	1,390,000	1	1,390,000	100	52.91%	30,248,874	4.37%
1,506,000	1,506,000	1	1,506,000	101	53.44%	31,754,874	4.59%
1,542,000	1,542,000	1	1,542,000	102	53.97%	33,296,874	4.81%
1,579,000	1,579,000	1	1,579,000	103	54.50%	34,875,874	5.04%
1,706,000	1,706,000	1	1,706,000	104	55.03%	36,581,874	5.28%
1,743,000	1,743,000	1	1,743,000	105	55.56%	38,324,874	5.53%
1,859,000	1,859,000	1	1,859,000	106	56.08%	40,183,874	5.80%
2,387,000	2,387,000	1	2,387,000	107	56.61%	42,570,874	6.15%
2,405,000	2,405,000	1	2,405,000	108	57.14%	44,975,874	6.50%
2,520,000	2,520,000	1	2,520,000	109	57.67%	47,495,874	6.86%
2,559,000	2,559,000	1	2,559,000	110	58.20%	50,054,874	7.23%
2,585,000	2,585,000	1	2,585,000	111	58.73%	52,639,874	7.60%
2,666,000	2,666,000	1	2,666,000	112	59.26%	55,305,874	7.99%
2,695,000	2,695,000	1	2,695,000	113	59.79%	58,000,874	8.38%
2,928,000	2,928,000	1	2,928,000	114	60.32%	60,928,874	8.80%
2,944,000	2,944,000	1	2,944,000	115	60.85%	63,872,874	9.22%
2,955,000	2,955,000	1	2,955,000	116	61.38%	66,827,874	9.65%
3,085,000	3,085,000	1	3,085,000	117	61.90%	69,912,874	10.10%
3,094,000	3,094,000	1	3,094,000	118	62.43%	73,006,874	10.54%
3,111,000	3,111,000	1	3,111,000	119	62.96%	76,117,874	10.99%
3,173,000	3,173,000	1	3,173,000	120	63.49%	79,290,874	11.45%
3,216,000	3,216,000	1	3,216,000	121	64.02%	82,506,874	11.92%
3,446,000	3,446,000	1	3,446,000	122	64.55%	85,952,874	12.41%
3,447,000	3,447,000	1	3,447,000	123	65.08%	89,399,874	12.91%
3,648,000	3,648,000	1	3,648,000	124	65.61%	93,047,874	13.44%
3,656,000	3,656,000	1	3,656,000	125	66.14%	96,703,874	13.97%
3,661,000	3,661,000	1	3,661,000	126	66.67%	100,364,874	14.49%
3,687,000	3,687,000	1	3,687,000	127	67.20%	104,051,874	15.03%
3,875,000	3,875,000	1	3,875,000	128	67.72%	107,926,874	15.59%
3,915,000	3,915,000	1	3,915,000	129	68.25%	111,841,874	16.15%
4,213,000	4,213,000	1	4,213,000	130	68.78%	116,054,874	16.76%
4,225,000	4,225,000	1	4,225,000	131	69.31%	120,279,874	17.37%
4,305,000	4,305,000	1	4,305,000	132	69.84%	124,584,874	17.99%
4,324,000	4,324,000	1	4,324,000	133	70.37%	128,908,874	18.62%
4,606,000	4,606,000	1	4,606,000	134	70.90%	133,514,874	19.28%
4,725,000	4,725,000	1	4,725,000	135	71.43%	138,239,874	19.96%
4,900,000	4,900,000	1	4,900,000	136	71.96%	143,139,874	20.67%
4,905,000	4,905,000	1	4,905,000	137	72.49%	148,044,874	21.38%
5,171,000	5,171,000	1	5,171,000	138	73.02%	153,215,874	22.13%
5,235,000	5,235,000	1	5,235,000	139	73.54%	158,450,874	22.88%
5,574,000	5,574,000	1	5,574,000	140	74.07%	164,024,874	23.69%
5,699,000	5,699,000	1	5,699,000	141	74.60%	169,723,874	24.51%
5,786,000	5,786,000	1	5,786,000	142	75.13%	175,509,874	25.35%
5,927,000	5,927,000	1	5,927,000	143	75.66%	181,436,874	26.20%
5,963,000	5,963,000	1	5,963,000	144	76.19%	187,399,874	27.06%
6,106,000	6,106,000	1	6,106,000	145	76.72%	193,505,874	27.95%
6,119,000	6,119,000	1	6,119,000	146	77.25%	199,624,874	28.83%
6,459,000	6,459,000	1	6,459,000	147	77.78%	206,083,874	29.76%
6,593,000	6,593,000	1	6,593,000	148	78.31%	212,676,874	30.71%
6,620,000	6,620,000	1	6,620,000	149	78.84%	219,296,874	31.67%
6,679,000	6,679,000	1	6,679,000	150	79.37%	225,975,874	32.64%
6,805,000	6,805,000	1	6,805,000	151	79.89%	232,780,874	33.62%
7,022,000	7,022,000	1	7,022,000	152	80.42%	239,802,874	34.63%

Continued on page 5

Global Water -Palo Verde Utilities Company Red Rock Sewer Picacho Consolidated
 Test Year Ended December 31, 2019
 Classification - Present and Proposed Rates

Schedule H-5
 Page 5 of 5

Rate Schedule: Recycled

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
				No.	% of Total	Amount	% of Total
7,227,000	7,227,000	1	7,227,000	153	80.95%	247,029,874	35.68%
7,566,000	7,566,000	1	7,566,000	154	81.48%	254,595,874	36.77%
7,699,000	7,699,000	1	7,699,000	155	82.01%	262,294,874	37.88%
7,701,000	7,701,000	1	7,701,000	156	82.54%	269,995,874	38.99%
8,124,000	8,124,000	1	8,124,000	157	83.07%	278,119,874	40.17%
8,203,000	8,203,000	1	8,203,000	158	83.60%	286,322,874	41.35%
8,475,000	8,475,000	1	8,475,000	159	84.13%	294,797,874	42.57%
8,572,000	8,572,000	1	8,572,000	160	84.66%	303,369,874	43.81%
8,998,000	8,998,000	1	8,998,000	161	85.19%	312,367,874	45.11%
9,418,000	9,418,000	1	9,418,000	162	85.71%	321,785,874	46.47%
9,434,000	9,434,000	1	9,434,000	163	86.24%	331,219,874	47.83%
9,939,000	9,939,000	1	9,939,000	164	86.77%	341,158,874	49.27%
10,011,000	10,011,000	1	10,011,000	165	87.30%	351,169,874	50.72%
10,163,000	10,163,000	1	10,163,000	166	87.83%	361,332,874	52.18%
10,170,000	10,170,000	1	10,170,000	167	88.36%	371,502,874	53.65%
10,192,000	10,192,000	1	10,192,000	168	88.89%	381,694,874	55.12%
10,301,000	10,301,000	1	10,301,000	169	89.42%	391,995,874	56.61%
11,229,000	11,229,000	1	11,229,000	170	89.95%	403,224,874	58.23%
11,490,000	11,490,000	1	11,490,000	171	90.48%	414,714,874	59.89%
11,593,000	11,593,000	1	11,593,000	172	91.01%	426,307,874	61.57%
11,739,000	11,739,000	1	11,739,000	173	91.53%	438,046,874	63.26%
12,231,000	12,231,000	1	12,231,000	174	92.06%	450,277,874	65.03%
12,246,000	12,246,000	1	12,246,000	175	92.59%	462,523,874	66.80%
12,411,000	12,411,000	1	12,411,000	176	93.12%	474,934,874	68.59%
12,509,000	12,509,000	1	12,509,000	177	93.65%	487,443,874	70.40%
13,027,000	13,027,000	1	13,027,000	178	94.18%	500,470,874	72.28%
13,379,000	13,379,000	1	13,379,000	179	94.71%	513,849,874	74.21%
13,839,000	13,839,000	1	13,839,000	180	95.24%	527,688,874	76.21%
15,249,000	15,249,000	1	15,249,000	181	95.77%	542,937,874	78.41%
15,286,000	15,286,000	1	15,286,000	182	96.30%	558,223,874	80.62%
15,673,000	15,673,000	1	15,673,000	183	96.83%	573,896,874	82.88%
16,729,000	16,729,000	1	16,729,000	184	97.35%	590,625,874	85.30%
17,219,000	17,219,000	1	17,219,000	185	97.88%	607,844,874	87.79%
18,220,000	18,220,000	1	18,220,000	186	98.41%	626,064,874	90.42%
21,306,000	21,306,000	1	21,306,000	187	98.94%	647,370,874	93.49%
22,273,000	22,273,000	1	22,273,000	188	99.47%	669,643,874	96.71%
22,779,000	22,779,000	1	22,779,000	189	100.00%	692,422,874	100.00%
Totals		189	692,422,874	189		692,422,874	

Average No. of Customers: 16

Average Consumption: 3,663,613

Median Consumption: 1,196,500

Timothy J. Sabo (021309)
Regulatory Counsel
Global Water Resources, Inc.
21410 N. 19th Avenue, Suite 220
Phoenix, AZ 85027
480.999.5215
Tim.Sabo@gwresources.com

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS, Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – PICACHO COVE
UTILITIES COMPANY, INC., AN ARIZONA
CORPORATION, FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
FOR UTILITY SERVICE DESIGNED TO
REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS
PROPERTY AND FOR CERTAIN RELATED
APPROVALS.

DOCKET NO. SW-20494A-20-0221

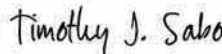
RATE APPLICATION

PART 4 OF 4

**NOTICE OF FILING
SUPPLEMENTAL FILING
MATERIALS IN SUPPORT OF
RATE APPLICATION**

Global Water – Picacho Cove Utilities Company, Inc., in connection with its
contemporaneously filed Rate Application, provides notice of filing the attached
Supplemental Filing Materials in support of its Rate Application.

RESPECTFULLY SUBMITTED this 28th day of August, 2020.

DocuSigned by:

35A991DC587B41E...
Timothy J. Sabo
Regulatory Counsel

Certificate of Service

Original of the foregoing
eFiled this 28th day of August, 2020 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Copies emailed this same date to:

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/s/ Joyce Goodwin

Additional Filing Requirements

Global Water – Picacho Cove Utilities Company, Inc.

Docket No. SW-20494A-20-0221

Test Year Ended December 31, 2019

Table of Contents

1. Wastewater Flows
2. Major Plant in Service Inventory – Wastewater

Global Water – Picacho Cove Utilities Company, Inc.

Docket No. SW-20494A-20-0221

Test Year Ended December 31, 2019

1. Wastewater Flows

Global Water - Picacho Cove Utilities Company
 Annual Report
 Wastewater Flows
 12/31/19

Wastewater Flows					
Month	Number of Services	Total Monthly Sewage Flow (Gallons)	Sewage Flow on Peak Day	Purchased Power Expense ¹	Purchased Power (kWh) ²
January	0	0	0	\$0	0
February	0	0	0	0	0
March	0	0	0	0	0
April	0	0	0	0	0
May	0	0	0	0	0
June	0	0	0	0	0
July	0	0	0	0	0
August	0	0	0	0	0
September	0	0	0	0	0
October	0	0	0	0	0
November	0	0	0	0	0
December	0	0	0	0	0
	Totals	0	0	\$0	0

Provide the following information as applicable per wastewater system:

Method of Effluent Disposal	0
Groundwater Permit Number	0
ADEQ Aquifer Protection Permit ("APP") Number	0
ADEQ Reuse Permit Number	0
EPA NPDES Permit Number	0
APP Effluent Treatment Requirement (Class)?	0
Permitted Flow Rate	0
Permitted Organic Capacity	0
Hydraulic Capacity	0%
Type of Biological Treatment	N/A

In the space below, list all violations within the past 12 months:

None - This plant has not been constructed.

Note: If you are filing for more than one system, please provide separate sheets for each system.

1 Enter the total purchased power costs for the power meters associated with this system.

2 Enter the total purchased kWh used by the power meters associated with this system.

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Global Water – Picacho Cove Utilities Company, Inc.

Docket No. SW-20494A-20-0221

Test Year Ended December 31, 2019

2. Major Plant in Service Inventory – Wastewater

Name of System:	Global Water - Picacho Cove Utilities Company	
Wastewater Inventory Number (if applicable):	NA	
Type of Treatment:	Other	
Design Capacity of Plant (Gallons per day)	0	

[illegible]

CLEANOUTS	
	Quantity
0	
0	
0	
0	

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Global Water - Picacho Cove Utilities Company
 Annual Report
 Wastewater Utility Plant Description (Continued)

Wastewater Utility Plant Description (Continued)

For the following five items, list the utility owned assets in each category for each system.

SOLIDS PROCESSING AND HANDLING FACILITIES	0
DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet,	0
FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	0
STRUCTURES (Buildings, Fences, Etc.)	0
Other (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.)	0

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report. Copy and paste this sheet as many times as is necessary.